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ROYAL COMMISSION

ON

COAL

UNCORRECTED TRANSCRIPT

Royal Commission on Coal(1959)

HEARINGS

HELD AT

SIDNEY

Nova Scotia

VOLUME No.:

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DATE:

MARCH 17, 1960

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TORONTO, ONTARIO

ROYAL COMMISSION ON COAL

Proceedings of hearings
held in the Council Chambers,
City Hall, at Sydney, Nova
Scotia, on the 16th, 17th,
and 18th days of March, 1960,
at 10.00 a.m.

HON. I. C. RAND, Q.C.,

Chairman

DR. A. E. CAMERON,

Technical Advisor
to the Commission

COMMISSION COUNSEL

Mr. W. A. Gunn, Q.C.

Mr. W. Keith Buck

Secretary

Mr. J. J. Ellis

Administrative Officer



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MARCH 17, 1960

---Hearing reconvened at 9:30 a.m.

MR. ELLIS: Ladies and Gentlemen, firstly might I say Good Morning, and secondly may I request that you refrain from smoking this morning because of the small room and the fact that it is crowded. Mr. Appleton, I understand, that the gentlemen here will ask you some questions.

THE CHAIRMAN: Mr. Marsh, you have some questions you want to put?

MR. MARSH: Oh, yes.

THE CHAIRMAN: You just indicate the nature of them. Some of them will be answered by Mr. Fairley and some by Mr. Gordon.

MR. MARSH: Mr. Fairley, yesterday you mentioned the slack coal. You were talking about round coal and the production of round coal, and we find that percentage of slack is greater after the mechanized machines, and we are taking a tremendous amount of time getting rid of their fine, especially the double-screened fine. Now, the three mines in question which they mentioned closing, two of them are completely hand loading mines and produce a greater amount of round coal and a lesser amount of slack, and the other one is partially a hand loading mine, producing a lesser amount of slack.



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MR. FAIRLEY: That is right.

MR. MARSH: How do you account, Mr. Fairley, for this? Where are you going to take up the slack in your round coal?

MR. FAIRLEY: Well, of course, we hope part will be taken up, Mr. Marsh, in the use of the wedge which is being applied to the mining machines. You are absolutely correct, in the coal mine you get a larger percentage of coarse coal than you do where you have machines working. That does not change the overall economics of the situation, which are that the hand - mined coal costs so much that it is just uneconomic to operate them.

If we were able to mine coal in those mines more cheaply than the others, that would be fine, because we are short, there is no question about it. We are short of coarse coal. In the mines which you have mentioned, they produce some coarse coal, but they also produce it at a cost which is so high that if we have to cut back anywhere, we have to cut back - ---

MR. MARSH: If the machined-mines are less costly, why wasn't mechanization completed?

MR. GORDON: The answer to that, Mr. Marsh, is in Caledonia there is a split in the seam, and a band of stone comes into it, as you know, to the east, and we may realize that that would be a continuing condition for some time and it was because of that



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that each wall was not mechanized in Caledonia.

We have just drawn a machine from Caledonia now because of this split and the machine can't work above the split.

MR. MARSH: The reason given to us, Mr. Gordon, was that you needed it for 26.

MR. GORDON: That is true, we needed the machine for 26, and it was taken from Caledonia for the reason that I mentioned.

MR. MARSH: That you needed it for 26?

MR. GORDON: No, that it couldn't continue. One of the other machines that is presently operating in Caledonia has got to be switched too, but it will probably be switched to the west side of the pit or will be as soon as the wall on the west side is ready.

MR. MARSH: The west side is more adaptable?

MR. GORDON: The coal is higher.

MR. MARSH: Mr. Justice, the closure of these mines then would mainly affect the market in the Maritime Provinces, wouldn't it?

THE CHAIRMAN: That would depend I suppose on the ability to get rid of the fines. The more you sell fines the more large coal you can produce, and it seems to be this: You have almost two separate lines of merchandise, fines and the larger sizes. It may be necessary to treat them in many respects differently from each other, that it is almost a



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2 distinct market for the small production, the small
3 size production.

4 MR. MARSH: Well the complex part of it,
5 Mr. Justice, is the fact that the fines according to
6 Mr. Fairley's own words, the fines are low-profit
7 coal, and the coarse coal would necessarily tend
8 to be a higher profit coal.

9 THE CHAIRMAN: Yes, but in the first place
10 you must start with this: Ordinary pick and shovel
11 method can't be continued under present conditions.
12 Then you go to the other. Now, the other means
13 gives you more quantity, but it changes the pattern
14 of your market, and that market, you must adjust
15 yourself in some form or other to the new market.
16 Of course, when you are embarking on an entirely
17 new method of mining, it may be that it takes some
18 time to reach the highest efficiency. That is
19 a matter, as is everything else, of experience, so
20 I would expect as you go on with the experience in
21 the mining, you will improve its working capacity.
22 You will improve operations by the men and you
23 will get better -- more effective operators as
24 their experience and education goes along.

25 MR. MARSH: I am sorry, I can't agree with
26 you on that, Mr. Justice, because that has not been
27 shown. Our cost of production is increasing.

28 THE CHAIRMAN: No, not increasing. You
29 must take into account what your cost would be today
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if you didn't have these machines.

MR. MARSH: We don't know that.

THE CHAIRMAN: Well, I know, but you know what the past was. In any event, here is the best judgment of the management. Now, the management must be the final arbitrator of the final decision, and it would seem to me that the best possible is being done to see how much of this mining can be brought into Canadian and other consumption.

Now, any suggestion of how that can be improved, any suggestion of how the operators themselves can better their own instruction, better their own experience, we ought to have it but I do not think you can challenge the fact of mechanization. That has been the cardinal principle of the American Mines Association, with which you are associated. Mechanization.

MR. MARSH: The type is what I am challenging. The principle is perfect. We agreed with that principle when the company first mentioned -- when the Cardiff Coal Commission first mentioned it, the union embraced it. It is the type.

THE CHAIRMAN: Every mining area has its special condition which must be met. You can't say well, because they did something in Pennsylvania we can do it here. It depends entirely on your physical condition, and even it could be your marketing



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2 condition. So it must go through a preliminary
3 course of adjustments and adaptability to your
4 new conditions.

5 I would say if I were in charge of that,
6 if you gentlemen who were at the face had any
7 suggestions experiencewise, bring them out and bring
8 them out fairly, and they ought to be received
9 fairly, and I would be astonished if they were not
10 because everyone here is venturing into a somewhat
11 new territory.

12 They had to devise this machine right here
13 for these conditions. There may be differences
14 of judgment, that is true, and you know that as well
15 as I do. But you have to know the whole of the
16 circumstances, and then it may be that your judgment
17 will be corrected by experience. That takes up
18 the question of time.

19 MR. MARSH: Possibly just as we didn't know
20 the whole of the circumstances -- we would be able
21 to better understand it, and we have argued that
22 all along.

23 THE CHAIRMAN: That is quite true.

24 MR. MARSH: We don't know too much about the
25 company's business. That is probably why I am
26 speaking as I speak today.

27 THE CHAIRMAN: Well, the objective facts
28 are there, and I think if you really want to be
29 reassured of the soundness of the judgment, I am
30



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2 sure Mr. Gordon will give you the considerations
3 which led them to the judgment that they have
4 adopted.

5 You will see that we really have to treat
6 fines somewhat differently than the rest of the
7 production.

8 MR. MARSH: I understand, Mr. Justice,
9 that they have used the Joy loaders on some long-
10 walls in the United States, and we are wondering
11 if that would be possible to use the Joy loader
12 on our longwalls, our submarine walls in Nova Scotia?

13 The second question before you get up, Mr.
14 Gordon, what success did they have with those
15 continuous miners? I understand they are in
16 Germany.

17 MR. FAIRLEY: England, mainly, but one in
18 Germany.

19 MR. MARSH: What success?

20 MR. GORDON: To answer the first question,
21 sir, the McBean Mine in Thorburn, we attempted to use
22 the Joy loader. We adapted a Joy loader that we
23 have there to a type that the Joy Manufacturing
24 Company themselves were working on. The idea
25 was that it would work a longwall face.

26 THE CHAIRMAN: It would?

27 MR. GORDON: That was their idea, sir.

28 THE CHAIRMAN: Yes.

29 MR. GORDON: We constructed or revamped
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2 one of our machines to their ideas of a longwall
3 Joy loader. It was an absolute failure. It just
4 could not work because it was not working the way
5 a Joy loader was intended to work. That is to go
6 straight into the face. It was working on right
7 angles to the direction it was supposed to work in,
8 and it was an absolute failure.

9 To answer the second question, the Dosco
10 miners working in Britain worked well. They were
11 the most productive machines used by the National
12 Coal Board.

13 THE CHAIRMAN: Do those that they have
14 possess the attachment?

15 MR. GORDON: No, they have just applied to
16 us for it. We have not yet given them the drawings
17 of the wedge, because we wanted to be very sure that
18 the wedge was in the exact form that we wanted it
19 before we gave our information on it.

20 Now, a large number of Dosco miners that were
21 in operation in Britain have been withdrawn for the
22 simple reason that the amount of slack coal that
23 is at present surplus in Britain is something of the
24 order of 50 million tons or thereabouts, and the
25 machines have been withdrawn, and that is why they
26 are coming to us for information about the wedge
27 so that it can be put on and the machines returned to
28 work.

29 THE CHAIRMAN: Is that the quantity in pile?
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MR. GORDON: That is what I understand.

THE CHAIRMAN: About 50 or 60 million?

MR. GORDON: Above ground.

THE CHAIRMAN: Thank you.

MR. GORDON: While the machine was working, as I say, it was the most productive machine in the country.

MR. MARSH: I would like to find out what Mr. Gordon meant yesterday with reference to those machines when he mentioned a royalty. Could we clarify that?

MR. GORDON: Yes, sir. The Dominion Coal Company designed and engineered this machine and it cost money. The machine was designed for our use and for nobody else's. Britain was interested in it, and it offered an opportunity to us to recover some of the expense that we had incurred in its development, so added to the cost of the machine to any outside company was a royalty for The Dominion Coal Company to offset the development costs.

MR. MARSH: What type of royalty?

MR. GORDON: In dollars and cents. The amount I am not going to disclose, but it was quite a substantial royalty, one that I personally was quite happy with.

MR. MARSH: Still keeping secrets?
I guess then the next question would not be



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2 answerable. I was going to ask Mr. Gordon does
3 the coal company pay the same price.

4 THE CHAIRMAN: What is that?

5 MR. MARSH: Does Dominion Coal pay to
6 their subsidiary the same price for those machines
7 as are sold overseas?

8 MR. GORDON: I will answer that question.
9 The answer is no. We pay considerably less.

10 MR. MARSH: You see, the reason for these
11 questions, Mr. Justice, as you can understand,
12 the coal companies are supposedly in a precarious
13 financial position, and the only people they seem to
14 be going to for financial help is the Government.

15 Now, I don't want to make a speech. I just
16 want to make a few short points. The fact is
17 since then they have been incorporated with the
18 A.V.Roe Corporation, the whole of Dosco, and I am
19 just asking these questions to find out why then
20 they should not receive a little help possibly from
21 some of the other subsidiaries in the Corporation?

22 THE CHAIRMAN: Well, you see these activities,
23 these operations are separated according to the
24 corporate body that looks after them. There is no
25 obligation on private individuals to support an
26 industry that is languishing, on our basis of
27 organization of industry, and there is no obligation.
28 They may do it for their own interests, but they do
29 not have to.
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2 The considerations therefore have got to
3 be either economic or social to induce that. I do
4 not know that it gets us very far simply to ask why
5 you don't do this and why you don't do that.
6 In fact they do not have to give any reason.

7 Take the steel company. It is interested in
8 the coal, of course it is, but if that interest is
9 going to determine its actions -- you can't compel
10 that action. You can't compel Government help
11 in the same way, but you present considerations
12 that are going to influence Governmental action.

13 If these considerations led us anywhere to
14 an improvement, I would say yes, let's have them, but
15 I can't see how they do. The main things are the
16 underlying factors. They are wholly, one might
17 say, economic and social.

18 Those are the matters to which I would like
19 to see everybody direct themselves. How can we
20 improve this and how can we minimize the wastage
21 that is coming in so many places due to the
22 supercession of coal. It is a complete transformation,
23 and it has been effected in the last seven, eight
24 or nine years. Everybody I think has got to be
25 awake. We have got to bring forth ideas that
26 would be effective, and human beings have got to
27 follow those ideas up. Any material element in
28 this situation is one that we should ventilate,
29 but these minor questions play no real part, so I
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2 think we can more or less disregard them.

3 MR. MARSH: They may not be important to
4 you, Justice, but they are very important to us.

5 THE CHAIRMAN: In what way do they affect
6 the main question?

7 MR. MARSH: I will tell you one: Our only
8 modes of information have been various Commissions
9 that were set up in the past to investigate the
10 whole industry, and after these Commissions reported
11 and we got a copy of the proceedings and a copy of
12 the report, then, we found information which should
13 have been available the years previous to that,
14 and possibly would have had a lot to do towards
15 governing the actions taken previous to that, and
16 possibly had a lot of bearing on why the Commission
17 was eventually set up.

18 Now, the position we are in, our people are
19 called upon to make terrific sacrifices and
20 terrific co-operation to try and save the coal
21 industry.

22 THE CHAIRMAN: That is true.

23 MR. MARSH: Twenty-five days' idleness the
24 year before last, forty last year, sixty days this
25 year. That is all money the miners are going to
26 lose. Now he wants to know why, naturally enough.
27 These things are of tremendous importance to him,
28 especially in the light of the record of the past
29 difficulties and differences between the coal company
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2 and the miners.

3 This union is trying to figure out some
4 concrete way to save the coal industry. We are
5 trying to get all these difficulties and the
6 differences out in the open hoping they will be
7 settled and we can forget about them, if they are
8 approached truthfully, so they will be eliminated.

9 THE CHAIRMAN: I suggest to you those
10 difficulties must relate to matters of materiality,
11 and not merely superficial incidents that will not
12 play any part in the final decision.

13 MR. MARSH: When you take them all and add
14 them all together, then you have a big question.

15 THE CHAIRMAN: Just go on and ask questions
16 and see how they will bear upon the ultimate issue.

17 MR. FAIRLEY: Mr. Commissioner, may I speak
18 to one question and correct a misapprehension that
19 we have always gone only to the Government for
20 financing.

21 Dosco, as late as last year, that is, the
22 Dominion Steel and Coal Corporation had an outstanding
23 loan of 5 million dollars with the Dominion Coal
24 Company. Furthermore, the Bank of Montreal had
25 an outstanding loan of 9 million dollars with the
26 Dominion Coal Company. At the same time there
27 was 14 million dollars loaned to the coal company
28 from agencies, both industrial and financial,
29 other than the government.
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2 Those loans, through some careful management
3 and the reduction of these stock piles with
4 Government help, have been reduced although they
5 are still substantial, and of course they are put
6 in the annual report every year, and Mr. Marsh has
7 a copy of that report.

8 MR. MARSH: That is on the record, and that
9 is something else our people would like to know.
10 I cannot go and preach that around the countryside,
11 and our miners don't get copies of financial reports.

12 MR. FAIRLEY: But you do, Mr. Marsh.

13 MR. MARSH: Yes, very definitely. How much
14 coal is sold to the Steel plants?

15 THE CHAIRMAN: I think it is between seven
16 and eight hundred thousand tons a year.

17 MR. FAIRLEY: Yes sir.

18 THE CHAIRMAN: Mr. Marsh, perhaps I could
19 help you in this, that every book of the coal
20 company is open to examination by the Dominion
21 Coal Board. Every item is checked before a dollar
22 is given in the way of subsidies. So that the
23 Government, through the Coal Board, is aware of the
24 whole financial transactions of the company.

25 You may depend upon that. Actually the cost,
26 the price at which the coal is sold to the steel
27 company, is approved by the Dominion Coal Board
28 for the purposes of subsidies.

29 MR. MARSH: I was coming to that. Back quite
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2 a number of years ago, Mr.Chairman, the price of
3 coal sold to the Steel company was cut by 45 cents,
4 and then cut again after that to the extent of 50 cents.
5 Our men took ten per cent reduction in wages, and
6 upon investigation by the Carroll Coal Commission,
7 it showed that there was 7,584,000 dollars siphoned
8 off the coal company to help the steel company.

9 Previous to that there was 2,250,000 dollars
10 siphoned off to help the steel company, which never
11 went back to Acadia.

12 As far as we know now, we do not know what
13 price is asked by the coal company from the steel
14 company for the coal. All we have is that
15 experience which we have been through from a
16 Royal Commission, and that it cost us $7\frac{1}{2}$ million
17 dollars and $2\frac{1}{4}$ million dollars. Those experiences
18 are facts, and they are before us.

19 After 1945 - 1946, we don't know what price
20 was paid for coal sold to the steel plant, but we
21 do know that they drained almost 10 million dollars
22 from the coal at that time.

23 Now, the steel company at that time were in
24 distress. Well, the coal company is in distress
25 now. Why not drain it back again? Those are
26 facts.

27 THE CHAIRMAN: All of that is checked by
28 the Dominion Coal Board and it is checked on the
29 basis of a fair market price. The Dominion of
30



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2 Canada is paying millions of dollars to this coal
3 company, and before it pays a cent, those accounts
4 are approved and recommended to the Dominion
5 Government. So you do have that check, and you
6 would not have these increases in subsidies if they
7 were not justified by the actual transactions
8 and business of the coal company.

9 You must take that as an absolute assurance
10 that the coal Board is, you might say, the guardian
11 of the Dominion Treasury. You see, the subsidies
12 today are mounting up into the double figures of
13 millions, so those cannot be paid out without the
14 scrutiny of every item on the accounts of the
15 company.

16 MR. MARSH: That is all I have to ask Mr.
17 Fairley and Mr. Gordon, but maybe I will have a
18 couple of questions for Mr. Appleton later.

19 THE CHAIRMAN: Mr. Appleton is here.
20 Mr. Fairley is in a position to answer any questions
21 dealing with the distribution of the coal, and he
22 will give you anything that you ask.

23 MR. MARSH: This is pertaining to the
24 marketing of coal. Mr. Justice, I want to ask
25 Mr. Fairley or Mr. Gordon or Mr. Appleton, did
26 your company always agree with the price asked by
27 the coal dealers throughout the Atlantic Provinces?

28 MR. FAIRLEY: Generally speaking, Mr. Marsh,
29 the coal dealers are independent operators. They
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2 are people who come to us and want to buy coal from
3 us. We have no corporate control over them.
4 Legally, we cannot have.

5 We try to work with them to establish whatever
6 is a fair mark up for them. They have to buy coal
7 and put it in their yards. There is a certain
8 amount of degradation in the yard. Sometimes
9 they will buy a high priced coal and put it in the
10 yard and it degrades in the yard, and it has to
11 be screened in a local plant after that, and there
12 is some loss involved, and they have to be
13 recompensed in their mark up.

14 Mark ups are different everywhere. There is
15 no standard mark up across the country. They are
16 set by the individual dealers, but in collaboration
17 with us and working with us. But we have no
18 absolute control over them. Is that correct, Mr.
19 Appleton?

20 MR. APPLETON: It is correct, yes.

21 MR. MARSH: Then I will assume you agree
22 with the prices they charge?

23 MR. FAIRLEY: Not necessarily, because they
24 are independent operators, and when a dealer comes
25 to us and says, "I want to buy five hundred tons
26 of coal from you.", we give him our price on it,
27 and he says, "All right, I will pay it".

28 He is an independent operator and we cannot go
29 to that dealer and tell him he has to charge a certain
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2 price, because he will tell us, "All right, you
3 just keep your coal and I will buy five hundred tons
4 of American coal in place of it."

5 . So he is an independent operator and we
6 work with him and try to keep both prices in line,
7 but we do not have any corporate or legal control
8 over them.

9 MR. MARSH: The only question I asked was,
10 did you agree?

11 MR. FAIRLEY: Not necessarily in all cases.

12 MR. MARSH: Don't those dealers also handle
13 oil?

14 MR. FAIRLEY: Most of them do.

15 MR. MARSH: You mentioned 65 dealers. How
16 many of the 65 would be handling oil?

17 MR. APPLETON: I would say certainly, a rough
18 guess on that, 50.

19 MR. MARSH: 50 out of 65.

20 MR. FAIRLEY: Almost all domestic fuel dealers
21 handle both products.

22 MR. MARSH: Do you agree with the accusations
23 that they tend to push oil over coal? Do you
24 feel that accusation is true? Would you say that
25 was a true statement?

26 MR. FAIRLEY: I think that will vary from
27 one end of the spectrum to the other, depending upon
28 which dealer you are talking to. Undoubtedly, I
29 am sure, some of them do, and undoubtedly a lot
30



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2 of them don't. I do not think there is any set
3 pattern for them. I think they are in the business
4 of selling both and they want to sell both, because
5 they are in business to sell their products.

6 THE CHAIRMAN: Some of them sell only one or
7 the other?

8 MR. FAIRLEY: Some do, yes.

9 THE CHAIRMAN: You have some coal dealers
10 who are not associated with oil?

11 MR. FAIRLEY: Yes, but I think they would be
12 in a minority, Mr. Commissioner.

13 MR. MARSH: That is all, thank you.

14 MR. FAIRLEY: May I answer a few general
15 questions which you had yesterday, Mr. Commissioner.
16 I told you we would try to get some figures for
17 you today, and I will turn these over to Mr. Buck.

18 I have a great deal of figures with reference
19 to the price of domestic fuel oil in Halifax and
20 Moncton as compared with coal. I won't go over all
21 of them, but I will hand them to Mr. Buck later.

22 In Halifax today the price of light furnace
23 oil, the delivered price to the domestic consumer
24 is 15.7 cents per gallon. The equivalent price
25 per net ton of coal based on 50 per cent efficiency
26 for coal in a coal-fired furnace with a 70 per cent
27 efficiency for oil fired furnaces -- which is a
28 fairly standard percentage -- the equivalent price
29 ranges from about 18.50 to over 19 dollars, depending
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2 upon which coal you are comparing it with.

3 To give you some idea of the coal prices
4 which are equivalent to that \$18.50 to \$19.00,
5 the coal prices in Halifax range from about \$21.85
6 to \$22.85. Considering the various efficiencies,
7 oil has an advantage in most of these cases.

8 The only place where coal has an advantage
9 is in the stoker fired more efficient coal burning
10 equipment. There coal has a minor advantage in
11 Halifax, around a dollar, and in one case where
12 they buy particularly good coal, it is over two dollars.

13 That gives you a general picture. I will
14 give these figures to Mr. Buck, and I will explain
15 anything further to him that he would like to know.

16 With respect to Moncton, the price of light
17 furnace oil delivered to the domestic consumer is
18 19.1 cents per gallon. That is an equivalent
19 price of coal based on the same efficiencies as
20 I mentioned before, ranging from \$21.01 to \$21.83.
21 There the delivered price of coal is more competitive.
22 The delivered price generally of coal is about
23 \$21.50, depending again on the grade of coal and
24 the particular type, whether it is sized, cleaned
25 and washed and so forth.

26 In most cases in Moncton there is a small
27 advantage of coal, it ranges from 33 cents on up.
28 I think you mentioned a figure of over a dollar
29 yesterday, Mr. Commissioner, which is true of the
30



1
2 old Sydney, which is one of the coals they buy.

3 I will give these figures to Mr. Buck and
4 give any further explanations that you desire.

5 There were a few other statements made
6 yesterday about the dissatisfaction of some of the
7 dealers in the Maritimes respecting deliveries of
8 coal from Dominion Coal Company. As I mentioned
9 yesterday we are cognizant of some of these.

10 When we ran many of them down, we found they were
11 completely unjustified, and we found many were
12 justified. We are willing to admit that, and
13 it comes back to the big difficulty which we have
14 already discussed, and which you put forward this
15 morning better than I could say it, that is, that
16 honestly we are short of those domestic sizes of
17 coal. In order to produce all of the domestic
18 coal which we could sell -- not necessarily domestic
19 but sized coal for domestic and industrial use,
20 we are left with more slack coal than we can sell,
21 and we are building up these tremendous stockpiles
22 of coal which ties up everybody's money and they
23 sit there and hang over everybody's heads, which,
24 by efficiency standards does not make sense.

25 So that as a matter of operating policy we are
26 forced to this position, that we have to be able to
27 base our operations on the amount of slack we can
28 sell. That is the limiting factor. Then we make
29 as much coarse coal out of that as we can, and then
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2 we are faced at times with shortages of specific
3 grades of coal.

4 In almost all cases we have coal available
5 if they want it. We will have a 1604 or some
6 other grade of screened coal, but they do not want
7 that. They want a specific coal that is washed
8 and sized, and so on, and they have a perfect right
9 to demand it as a customer. However, it has put
10 us in the position where because of specific
11 grades which we just don't have, it sometimes gives
12 us a bad reputation.

13 THE CHAIRMAN: When you speak of the 15 per
14 cent improvement by the use of the wedge, it is
15 15 per cent in relation to what?

16 MR. FAIRLEY: In relation to one hundred per
17 cent.

18 THE CHAIRMAN: 100 per cent of what?

19 MR. FAIRLEY: 100 per cent of the coal mined.
20 We have been running about 30 to 35 per cent,
21 roughly according to Mr. Gordon 25 per cent plus
22 inch and a quarter coal.

23 The other 75 per cent is a smaller size.
24 With the advent of the wedge, we hope to raise that
25 25 per cent to 35 or 40 per cent, and we do not know
26 if the 15 per cent figure will hold. That is
27 what we are working towards, and it will raise it
28 from 20 to 35 or 40 per cent.

29 THE CHAIRMAN: I see.
30



HALIFAX

	<u>Dominion</u> <u>Screened</u> <u>coal</u>	<u>Old</u> <u>Sydney</u> <u>Egg</u>	<u>Acadia</u> <u>Egg</u>	<u>old</u> <u>Sydney</u> <u>Pea</u>	<u>Acadia</u> <u>Pea</u>
Light Furnace oil delivered price to domestic consumers	16.7¢ Per Gal.	16.7¢ Per Gal.	16.7¢ PerGal.	16.7¢ PerGal.	16.7¢ PerGal.
Equivalent Price per Net Ton based on 50% efficiency for coal hand fired and 70% oil fired.	\$19.09	19.80	18.37	—	—
Based on 65% efficiency for coal stoker fired and 70% oil fired	—	—	—	25.73	23.90
Price of coal to dealer per net ton	\$15.47	16.42	16.00	16.42	16.00
Dealer Margin	6.38	6.43	6.60	6.43	6.85
Delivered price to Customer	\$21.85	22.85	22.60	22.85	22.85
Difference in price to customer per net ton	\$2.76	3.05	4.23	2.88	1.05
In favour of	Oil	Oil	Oil	Coal	Coal.



MONCTON, N.B.

	<u>Dominion</u> <u>Screened</u> <u>Coal</u>	<u>Old</u> <u>Sydney</u> <u>Egg</u>	<u>Acadia</u> <u>Egg</u>	<u>Old</u> <u>Sydney</u> <u>Pea</u>
Light Furnace Oil delivered price to domestic consumer	19.1¢ PerGal,	19.1¢ PerGal,	19.1¢ PerGal.	19.1¢ PerGal.
Equivalent Price per net ton based on 50% efficiency for coal hand fired and 70% oil fired	\$21.83	22.63	21.01	—
Based on 65% efficiency for coal stoker fired and 70% oil fired	—	—	—	\$29.43
Price of coal to dealer per net ton	\$15.81	16.72	16.35	16.72
Dealer Margin	\$ 5.69	4.78	5.15	4.78
Delivered Price to Customer	\$21.50	21.50	21.50	21.50
Difference in Price to Customer per net ton	.33	1.13	.49	7.93
In Favour of	Coal	Coal	Oil	Coal



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2 MR. FAIRLEY: There are a couple of other
3 remarks I would like to make about the sales effort.
4 I realize there has been some criticism of Dominion
5 Coal and Dosco in their efforts to sell coal.
6 As I have said before, some of them are justified
7 and some are not, but we are perfectly willing
8 to admit that we have not been perfect.

9 However, I would like to say that we feel
10 quite sincerely that we have made a real serious
11 effort to sell coal throughout Canada, and particularly
12 in the Maritime Provinces.

13 The question of the downdraught furnace
14 which came up yesterday, and which I notice from
15 the newspapers this morning apparently Mr. Gordon
16 and I disagreed on, although we were not conscious
17 of it at the time, it was as Mr. Gordon said an
18 efficient furnace, a good furnace, but it did not
19 have a public acceptance. We could not sell it.
20 As an evidence of the faith of the company in
21 their attempts to sell coal and to do the job of
22 placing equipment in the hands of the public,
23 that would use coal, the company lost approximately
24 a million dollars on this furnace over which we
25 took a chance. We were willing to take that
26 chance because we thought it was a real opportunity
27 to try to sell more coal, and it is an evidence
28 of good faith on the part of the company and an
29 attempt to sell.
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2 About four years ago a terrific sales effort
3 was put on throughout the Maritimes, and particularly
4 in Nova Scotia. We brought in salesmen from other
5 districts and took Mr. Gordon's office men, and
6 we had a group of 21 men who literally knocked on
7 the doors of almost every house in Nova Scotia.

8 A big publicity programme was put on and many
9 employees helped. It was a broad programme.

10 At that time we made 20 thousand calls to personal
11 homes and all businesses and schools and churches
12 and so forth in an effort to get people to continue
13 using coal. Where they were building new houses,
14 we tried to get them to use coal instead of oil
15 or something else?

16 There, again, I think that was an evidence
17 at least of their willingness and desire to sell
18 all the coal that we could. Furthermore, just
19 recently in the month of November and December
20 we put on a very large advertising programme here
21 in Nova Scotia in an attempt to sell additional
22 amounts of coal. This particular advertising
23 was aimed particularly at the domestic user.
24 We hoped that it would rub off on everybody.

25 I might also say that our salesmen constantly
26 call on school boards, churches, church boards,
27 in addition to every kind of industries, of course,
28 that might use coal. They keep in very close
29 contact with them, and have a steady and consistent
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2 contacts with architects who are building new
3 houses.

4 One of the typical examples of that, is this
5 thing which Mr. Appleton mentioned yesterday in
6 Halifax the Mulgrave Project. That had no intention
7 of using coal.

8 THE CHAIRMAN: What is that?

9 MR. FAIRLEY: Would you care to tell just
10 exactly what Mulgrave Park is?

11 MR. PATTERSON: It is a City Housing project.
12 You were mentioning yesterday Mr. Justice about
13 central heating. They are going to use a central
14 heating system in this City Housing project.
15 The C.M.H.C. architects had excluded coal in their
16 plans and their submissions had an oil furnace.

17 Through the intercession of our coal sales
18 Department in Halifax they were successful in
19 convincing them to go to coal and I think the contract
20 runs somewhere in the vicinity of \$150 thousand
21 a year, and this is an example pretty well of what
22 you were discussing yesterday.

23 MR. FAIRLEY: These are just some of the
24 things I wanted to bring out before the Commission,
25 Mr. Commissioner.

26 THE CHAIRMAN: That is exactly what I
27 would like to see, but you are intensifying an
28 effort in your immediate market.

29 MR. FAIRLEY: Yes sir, we certainly are, and
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2 we are going to continue that. You mentioned
3 yesterday a hypothetical case of what we would think
4 about the possibility, I think you used \$2.00 a ton
5 subsidy on coal sold down here. Realizing this
6 is a purely hypothetical case which you have
7 presented, we have given thought, and a lot of
8 thought and intend to give it a lot more,

9 Obviously the possibility of a subsidy on
10 coal moved in the Maritimes would be quite
11 desirable, as far as we are concerned, because it
12 would allow us to service a certain market which
13 we are now losing a lot of money on, and I think
14 we could service those markets without a loss on
15 those particular orders. That would be highly
16 desirable to us.

17 It would also allow us to be more flexible
18 and to cut prices here and there to meet competitive
19 conditions. However, in thinking of this type
20 of subsidy we must not forget the things which we
21 all know about, and as I said which you know better
22 than we do now, and you could put it better than
23 we can; that we still have this large tonnage
24 of fine coal, and the market for that fine coal,
25 the major market for it is in Central Canada.

26 THE CHAIRMAN: Do you sell any of that in
27 Nova Scotia at all? What about the Nova Scotia
28 Light, Heat and Power Company?

29 MR. FAIRLEY: Yes sir, that is a market for it
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2 but the tonnage is comparatively small when we
3 consider the whole picture. You asked, I think,
4 yesterday the approximate distribution of our
5 products -- by the way, we are making a big chart
6 to show you all the customers which we will furnish
7 to you -- out of the 2,200,000 tons of coal which
8 we sell in the Maritimes, a million of it is sold
9 to the company in one way or another, for coke
10 making to the Seaboard Power Company which the
11 company runs, and for various steam raising purposes
12 in the plants, and so forth. The other 1,200,000
13 are roughly divided between domestic and commercial, rather
14 than industrial use, and in the domestic group
15 we consider all churches and that kind of thing.

16 THE CHAIRMAN: Business blocks?

17 MR. FAIRLEY: Yes sir. We will furnish
18 you a detailed break-down of all of those customers,
19 but that gives the picture. I think that
20 answers most of the questions which you presented
21 yesterday, and will be happy to give you any further
22 information I can.

23 THE CHAIRMAN: Thank you, Gentlemen.

24 THE HONOURABLE MR. MANSON: : In your
25 brief mention was made of the fact that difficulty
26 had been experienced with most of the dealers
27 in co-operation of getting coal back early, purchased
28 early in the season. Did you ever consider a
29 direct draw back to the consumer even though that may
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2 interfere with your distribution outlets? That
3 is one of the statements made, I believe, because
4 the dealer did not pass this saving on. Any
5 consideration ever given to a direct draw back to
6 the consumer rather than to the dealer?

7 MR. FAIRLEY: To my knowledge, no sir, no
8 such consideration has ever been given, Mr. Minister,
9 for the simple reason that we could not administer
10 it. We don't know the customers that our various
11 dealers have. The only way we could do it would
12 be to control, I think, the draw back ourselves
13 and it would mean, I presume, that our dealers
14 would send in a list of customers each month and tell
15 us who he had shipped to, and so forth, and we would
16 send him a cheque, maybe.

17 I think administratively, that would be almost
18 impossible to handle, wouldn't it? To answer your
19 question, we have not thought of it.

20 THE MINISTER: It would depend upon the
21 size of the customers involved. If it is a whole
22 lot of little ones it would be administratively
23 difficult, but if there are any large groups it
24 possibly would be feasible.

25 MR. FAIRLEY: Of course, most of the dealer
26 customers are the little ones. The large customers
27 we deal with direct in most cases.

28 THE MINISTER: Now also in your brief at
29 page 53 reference was made that you lost in the Nova
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2 Scotia pulp project. A large mill is presently
3 under construction in the Mulgrave area of Nova
4 Scotia and while every possible effort has been
5 made to have coal equipment installed, foreign
6 residual oil has captured this market. This
7 would have represented an outlet for approximately
8 100 thousand tons of coal annually. Did you
9 definitely go into the aspect with Nova Scotia
10 pulp about the feasibility of burning coal?

11 MR. APPLETON: Yes, Mr. Manson.

12 THE MINISTER: May I suggest to you that
13 75 per cent of their energy requirements are their
14 own waste material?

15 MR. APPLETON: Well, according to the
16 consultants who were at Boston, the C.E. Company
17 Incorporated, the consulting engineers, that was
18 the information they gave us, that there would be
19 approximately 100 thousand tons of coal used in
20 that plant.

21 THE MINISTER: That is a light plant, but
22 may I suggest that possibly the use of waste materials,
23 and the use of distillate from their liquor in
24 their processing that they produce themselves
25 through by-products 75 per cent of their energy
26 requirements. Would your 100 thousand figure
27 represent the total requirements, if it was of oil,
28 or does it represent the 25 per cent?

29 MR. APPLETON: The information from the
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2 consultant was that that was the amount of coal
3 that would be displaced. That is what the
4 consulting engineers in Boston told us.

5 THE MINISTER: By oil?

6 MR. APPLETON: By oil. That is what they
7 told us. By oil. Our general experience has
8 been that that liquor that they make from pulp
9 does not -- we have had nearly all the pulp mills
10 throughout the country which make that liquor,
11 and using it as their fuel under their boilers,
12 --it is nothing like 75 per cent, that we have
13 ever found that has displaced coal because lots of
14 the companies were burning coal before and now with
15 the development of that liquor they have to put
16 these guns in to burn the liquor.

17 The development has been nothing like 75 per
18 cent, in our experience. This must be some new
19 process.

20 THE MINISTER: What I suggest to you that
21 this company explored the economic possibility
22 because this is a special process that has been
23 used in Sweden, a special adapter and the information
24 that I am given is that their process has been
25 designed for oil because the matter was brought to
26 them early in the game, and I just suggest that
27 the statement is to me, having the background,
28 sort of misleading in that actually using their
29 process, one of the contributing factors in making the
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2 mill economic, it precludes coal being bought
3 but perhaps it would not if the matter had been
4 thoroughly explored early.

5 MR. FAIRLEY: This is not meant as a
6 criticism. This is strictly a statement of fact.

7 THE MINISTER: My question is a question as
8 to whether you are, in your brief, fully aware of
9 all the facts concerned.

10 MR. FAIRLEY: Right.

11 MR. APPLETON: We had very great difficulty
12 in finding out who these people were to see in the
13 beginning when this type mill was proposed. It was
14 not until it was announced in the press who the
15 consulting engineers were, and a lawyer in Halifax,
16 that we found out who the engineers were and we
17 immediately went to see them in Boston.

18 THE MINISTER: May I suggest to you that
19 I could have given you the information at the time
20 if I had been given the question. You mention in
21 certain areas in Ontario that there are certain
22 expanding thermal power plants through the Ontario
23 Hydro. Some of these plant projects, are they
24 within the present subvention area that you enjoy
25 now, that is east of Woodstock?

26 MR. APPLETON: There are two. One of them
27 is at Toronto and it is within the present subvention
28 area. One at Windsor, Ontario is out of our orbit,
29 but there is another one being built very close to
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2 Toronto and that is within our area but there is
3 another one being built at the head of the Lakes
4 which is out of our area. That is not in our area
5 but the big main one has been built right outside
6 Toronto and that is within our area.

7 THE MINISTER: Have your company instituted
8 actual transportation studies, regarding the
9 transportation of coal to this project?

10 MR. FAIRLEY: I will speak to that. We
11 have been working quite steadily now with about
12 three or four different shipping companies that
13 handle both ocean and Great Lakes shipping. A
14 desirable type of vessel which may be used for
15 this particular movement is a maximum size, by
16 "Maximum size" I mean one that is big enough to
17 haul coal cheaply, at the same time it does not
18 have too large draught or beam to make use of our
19 docks here and the docks that are available on
20 Lake Ontario. Furthermore we should have or it
21 should be a self-unloader because most of
22 these power plants do not want to put in their own
23 unloading equipment. So what we have is a large
24 ship somewhere between 15 and 20 thousand tons.
25 We cannot go above 20 thousand for reasons of
26 lock sizes and dock sizes, built as a self-unloader
27 and bulkers; specifically designed to carry this
28 coal.

29 We have worked with a number of companies
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2 and we have got some designs. We have got some
3 models. We have not yet been able to have one
4 built, because when any shipping company goes out
5 to build a specific, detailed piece of equipment
6 to handle a specific movement, they are going to
7 want, of course, a long term contract before they
8 will build it. It is going to cost somewhere
9 between 3 and 4 million dollars, or maybe more.
10 We have been unable to say to them we can guarantee
11 you so many years of movement because we are not
12 positive yet just what the long term subvention
13 arrangement is going to be, and if there is not
14 a subvention, of course there is no movement at all
15 so that is why I mention in my brief it would be
16 desirable if the Government sees fit to establish
17 subventions for that purpose, that it would be
18 desirable to try to arrange some sort of a basis
19 over a period of time and we could then make
20 plans.

21 THE MINISTER: The point I want to bring out
22 is that you are actively pursuing and studying this
23 situation?

24 MR. FAIRLEY: Very much so.

25 THE PREMIER: May I carry on with that
26 a little bit further to ask in other endeavours,
27 because of the St. Lawrence Seaway -- I recognize
28 that the pattern of trade is not fully settled,
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2 there is considerable confusion -- are you also
3 pursuing studies for potential consumers in the
4 Lake area? That is actively pursuing it?

5 MR. FAIRLEY: Very much so.

6 THE PREMIER: Now reference was made to
7 a tax on residual oils, foreign residual oils,
8 and also reference was made to a tax, a Provincial
9 Sales Tax. Have you given any thought to just
10 exactly what amount of tax would be necessary to be
11 effective in converting oil back to coal or
12 preventing coal from being displaced? That is,
13 the amount of tax particularly in the domestic
14 field?

15 MR. FAIRLEY: We have given a great deal
16 of thought to it, Mr. Minister. I do not have the
17 figure at hand at the moment. If you want it
18 quoted I think we have it in Mr. Gordon's office.
19 We have given a lot of thought to it and I think
20 it has probably been discussed with you from time
21 to time.

22 THE MINISTER: There has never been any
23 suggestion as to what would be an effective figure.

24 MR. FAIRLEY: I think Mr. Gordon would
25 like to speak to that.

26 MR. GORDON: The figure that was suggested
27 for tax for the lighter fuel oils, so-called domestic
28 light oils was 4 cents a gallon.

29 THE MINISTER: That would represent about
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30 per cent tax, a 30 per cent consumer tax?

MR. GORDON: No, the price of oil is something over 17 cents throughout the bulk of the area. Maybe not in Halifax but up here, if my memory serves me right, at the moment something over 17 cents a gallon.

THE PREMIER: Four cents on 17 is approximately 25, 22.

MR. GORDON: It is not thirty.

THE PREMIER: 22 per cent. I just was wondering about these figures. Placing a consumer tax on 22 per cent seems to be, it is suggested that it is a very unreasonable percentage.

MR. GORDON: May I say that the idea of imposing or suggesting the imposition of such a tax was to make it really effective. That is why it is so big.

THE PREMIER: Naturally, unless it was effective there would be no advantage in imposing it, and it involves imposing something between the vicinity of 20 and 30 per cent consumer tax. Now I think Mr. Fairley covered this, but maybe I will ask to have it clarified. Because of the difficulty to secure the sale of slack coal, particularly in the Quebec and Ontario markets, has it been your experience that you have been forced to turn down orders for sized coal?

MR. FAIRLEY: Yes sir.



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2 THE PREMIER: It has been that?

3 MR. FAIRLEY: Yes sir, not so much in this
4 area specifically.

5 THE PREMIER: I was referring to the Ontario -
6 Quebec market?

7 MR. FAIRLEY: That is correct.

8 THE PREMIER: Now in your coal washing plant
9 reference was made to the fact that there should be
10 facilities for washing slack. The brief, as I
11 recall it, said it should be. In the plans and
12 specifications that you have submitted is such a
13 specification included?

14 MR. FAIRLEY: The one being worked on now,
15 they are included, yes sir.

16 THE PREMIER: That is in the proposed new
17 plant? There are specifications?

18 MR. FAIRLEY: Yes sir. This may happen,
19 Mr. Minister: We may find that in the first unit
20 that is built, if it is built at all -- assuming
21 it is going to be built -- we may have to, just
22 to save money, not put in the plant the facilities
23 to wash the mines quarter inch, but build the
24 plant so it can be put in just as soon as it is
25 feasible to do it.

26 However, we would like to see it done the
27 first time, frankly.

28 THE PREMIER: It would aid greatly in
29 selling that slack coal. There is no question about
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2 it. That leads me to the point that I was trying
3 to make and that is: Have the economics been
4 studied because of this added unit that your slack
5 which has been sold on a B.T.U. basis, would be
6 considerably raised?

7 MR. FAIRLEY: That is right.

8 THE PREMIER: You would be receiving a
9 premium price?

10 MR. FAIRLEY: Exactly.

11 THE PREMIER: Has consideration been given
12 to the thought that the increased premium on your
13 coal would maybe amortize -----

14 MR. FAIRLEY: Yes, consideration has been
15 given to all of those factors, and I might say that
16 as of this moment we have an outside engineering
17 firm, a coal washing engineering firm making just
18 such a study with respect to our Princess washing
19 which does not wash the fine coal, as you know,
20 and we found from dealings with our customers it
21 should be, and we have an outside firm working on
22 that right this minute.

23 THE PREMIER: I don't mean the economics
24 on it, but I suggest it is possibly a field that
25 should be thoroughly reviewed.

26 MR. FAIRLEY: No question about it.

27 THE PREMIER: It would help dispose of your
28 slack and increase your net profit on your slack?

29 MR. FAIRLEY: Right.
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3 MR. MANSON: There is just one other
4 set up I might state in Mulgrove Park Project
5 that is a Federal-Provincial-Municipal slum
6 clearance project that the Municipality of the
7 City of Halifax have taken advantage of. That is
8 all I have.

9 THE CHAIRMAN: You were speaking about
10 this washing plant. It seems to me the whole
11 tendency now is to require, that is, on the part
12 of the purchasing public, to call for coal that has
13 been put through a washing process.

14 MR. FAIRLEY: Yes, sir, that is correct.

15 THE CHAIRMAN: Mr. Gordon, yesterday we
16 had some discussion of the economic areas of reserves.

17 MR. GORDON: I have brought over some plans
18 showing reserves and those parts which have been
19 considered the economic, in detail, according to the
20 pits themselves.

21 THE CHAIRMAN: Thank you.

22 MR. ELLIS: I will declare them Exhibit
23 number 27A. Now, Mr. Commissioner, I would like to
24 call upon Mr. William H. Marsh, who will present
25 the brief on behalf of District 26, of the United
26 Mine Workers of America and this Exhibit will become
27 Exhibit number 28.

28 THE CHAIRMAN: Mr. Marsh?
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SUBMISSION

to the

ROYAL COMMISSION ON COAL (1959)

(Nova Scotia hearings)

by

DISTRICT 26

UNITED MINE WORKERS OF AMERICA

MR. MARSH: Honourable Sir: District 26, United Mine Workers of America, are most gratified for this opportunity of presenting our view on the Nova Scotia coal industry. We are pleased that the Federal Government has deemed the coal industry sufficiently important to appoint a Royal Commission to investigate the problems that are besetting the industry in both Eastern and Western Canada. We are particularly pleased with your appointment to this important task and we feel certain that some solution to the long range Canadian coal production and marketing problems will emanate from your investigation.

The membership of District 26, United Mine Workers of America, have suffered severe reverses in every mining community in Nova Scotia. The coal



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3 industry in Cumberland County has been practically
4 eliminated and many of the men who worked for the
5 Cumberland Railway and Coal Company, Limited, for
6 upwards of 40 years have been denied a pension
7 by Dosco. The coal mining industry in the Town of
8 Springhill has been completely abandoned by
9 Dosco, except for a token payment made to the
10 Disaster Fund following the "Bump" which occurred
11 on October 23, 1958.

12 A similar situation exists in Pictou County,
13 where there is only one Dosco-operated mine. The
14 same situation which prevails in these two areas is
15 now creeping into Cape Breton, where there is a
16 threat of 3 mine closures which would place 3,000
17 Cape Breton mine workers on the unemployment list.

18 Soon after World War II the Carroll Royal
19 Commission on the Canadian Coal Industry recommended
20 complete cooperation between management and labor in
21 order to preserve the coal industry of this
22 Province. There have been no major strikes since
23 that time and the mine workers have shown their
24 utmost cooperation. But their reward for this
25 cooperation was 25 idle days in 1958; 44 idle
26 days in 1959; and a threat of further idle time
27 or mine closures in 1960. During this entire
28 period the mine Union leaders have strived to
29 maintain a steady level of employment and have
30



received the cooperation of the men whom they represent. Wage rates and fringe benefits are low in the coal mining industry, and the only method by which the Union was able to obtain some increase was through government-appointed Conciliation Boards.

GENERAL REVIEW OF THE NOVA SCOTIA COAL MINING

INDUSTRY

Since the end of World War II the production of coal in the Province of Nova Scotia has varied between a high of 6,477,023 tons in 1950, to a low of 4,391,832 tons in 1959. The following table will serve to indicate the variation in over-all provincial production from 1945 - 1959.

You can see there, Mr. Commissioner, that is self-explanatory.

<u>YEAR</u>		<u>PRODUCTION</u>
1945	. . . . .	5,117,470
1946	. . . . .	5,367,701
1947	. . . . .	4,045,237
1948	. . . . .	6,412,113
1949	. . . . .	6,196,322
1950	. . . . .	6,477,023
1951	. . . . .	6,311,268
1952	. . . . .	5,903,947
1953	. . . . .	5,786,838
1954	. . . . .	5,839,761
1955	. . . . .	5,730,743
1956	. . . . .	5,770,671
1957	. . . . .	5,685,757
1958	. . . . .	5,269,896
1959	. . . . .	4,391,832



One of the prime reasons for this reduction in production has been the loss of sales of Nova Scotia coal to the Railways. For instance, the railway market provided an outlet for 1,189,931 tons of Nova Scotia coal in 1950. In the short space of ten years this market has been almost completely eliminated and in 1959 only 34,738 tons were sold to the railways. The following table will serve to indicate the continuing loss of this railway market:

<u>YEAR</u>	<u>RAILWAY MARKET</u>
1945	782,597
1946	891,125
1947	420,523
1948	875,760
1949	766,655
1950	1,189,931
1951	1,036,608
1952	786,632
1953	803,416
1954	558,914
1955	497,714
1956	410,330
1957	205,169
1958	95,184
1959	34,738

The loss of this railway market has been especially difficult to the Independent Coal Operators (non Dosco) of the Province of Nova Scotia, because they depended on the railways to absorb their



1
2 summer production when sales of domestic coal
3 are at a minimum. A coal mine that is held idle
4 for five or six months of the year is an
5 uneconomic unit because of high maintenance costs
6 and must be abandoned eventually and this has
7 been the case of several coal mines because of the
8 dieselization of the railways. Research is now
9 underway into the electrification of the railway
10 systems in both the United States and Canada, but this
11 is a long range project which offers no immediate
12 relief to the marketing problem that the Nova
13 Scotia coal industry now faces.

14 The opening of the St. Lawrence Seaway
15 also created new difficulties to the Nova Scotia
16 coal mining industry. When this project was
17 first undertaken, the United Mine Workers of
18 America request some measure of protection for the
19 coal industry of Nova Scotia against further
20 imports of American coal and foreign oil that
21 would be moved into the heart of coal markets
22 that were formerly available to Nova Scotia coal.
23 The opening of the Seaway has merely provided a
24 cheaper means of transportation for American
25 coal to move into the Central Canadian market, and
26 for large foreign oil tankers to sail into the
27 same area. No compensating legislation was
28 enacted to provide for Maritime products to move
29 into the Central Canadian markets because of the
30



1
2
3 Seaway project, and indeed horizontal freight
4 rate increases have tended to reduce the
5 possibility of marketing Maritime produce in that
6 area.

7
8 THE MECHANIZATION PROGRAM

9 Soon after World War II it became apparent
10 that if the Nova Scotia coal industry was to survive
11 at all an extensive program of mechanization
12 and modernization must be undertaken by the major
13 coal operator in the province. This was a
14 recommendation of the Carroll Royal Commission
15 and was accepted by both management and labor in
16 an effort to substantially reduce the cost per
17 ton of coal mined in Nova Scotia.

18 The Government of Canada established the
19 Dominion Coal Board to supervise assistance to
20 the coal operators, and the major operator in
21 Nova Scotia applied for and received the maximum
22 loan that was permissible under the terms of the
23 Act. Dosco received Seven and one-half million
24 Dollars and invested substantial sums of
25 Corporation funds to mechanize and modernize their
26 coal operation in this Province. It is the
27 considered opinion of the United Mine Workers of
28 America that much of this money was unwisely
29 spent and very little benefit has accrued from
30 its use.



1
2
3 In the first instance, the Corporation
4 commenced to build their own continuous mining
5 machine, commonly known as the "Dosco Continuous
6 Miner". This has been nothing less than an
7 experiment and while per-man-day production has
8 increased from a low of 1.58 tons in 1945 to a high
9 of 2.77 tons in 1959, we firmly believe that
10 Continuous Mining machines should have been
11 purchased from business firms that were producing
12 continuous mining machines at the inception
13 of the mechanization program. The present Dosco
14 Continuous Miner bears very little resemblance
15 to the original machine and is still being
16 experimented with.

17 It was pointed out quite clearly at the time
18 of the Carroll Commission that a better grade of
19 coal would have to be produced in order to compete
20 with American coal. In the intervening period
21 imported oil and natural gas have made serious
22 inroads into the entire coal market and yet the
23 great bulk of Nova Scotia coal is not properly
24 prepared for the market. Plans have been in
25 effect to construct a modern coal washery to
26 process coal mined in the Glace Bay-New Waterford
27 area by the Dominion Coal Company, Limited, but
28 at the time of the writing of this report only
29 preliminary steps have been adopted to have this
30



1
2
3 coal properly prepared for industrial and domestic
4 consumption.

5 We think it most important to point out
6 that much of the domestic market has been lost
7 in the Maritime Provinces because of the
8 reluctance of the Corporation to place a
9 properly prepared product on the market. Every
10 home owner is not going to quibble over a few cents
11 difference in his fuel costs if he can depend
12 on receiving satisfaction from his fuel dealer.
13 Dosco has lost a market of over half a million tons
14 in the Maritime Provinces' domestic market because
15 they would not provide suitable coal to the
16 consumers. We think it imperative that all coals
17 produced in Nova Scotia must be properly prepared
18 in order to compete with residual oils and that
19 this must be done as quickly as possibly in order
20 that further coal markets in the Maritime Provinces
21 will not be lost to the coal industry. We must
22 make it quite clear that coal sold in the
23 subvention market is governed by a profit ceiling
24 with a maximum of 40 cents per ton. It is, therefore,
25 reasonable to assume that coal sold in the Maritime
26 area might bring as much as five times more profit
27 than that sold in the subvention area.

28 The mine workers cannot be expected to attain a
29 decent standard of wages and working conditions if we
30



1
2 are compelled to bargain against economic forces
3 over which we have no control, meaning of course
4 the profit margin that is set by the Federal
5 Government in the subvention area. The huge
6 coal market that has been lost and is still being
7 lost in the non-subvention area is of great concern
8 to the Union, because it is the most lucrative
9 market and if more progressive steps had been
10 adopted by Dosco the mine workers would not be
11 receiving the sub-standard wages and fringe benefits
12 that now obtain throughout the coal industry today.

13 The Dominion Coal Company, Limited, have
14 three operating collieries in the Town of Glace
15 Bay, Nova Scotia, employing in excess of 4,000 men.

16 That figure is not quite correct, Mr. Justice.
17 Possibly it should be about 25 to 28 hundred. Or
18 35, rather.

19 When the mechanization program was
20 undertaken it was decided to hoist all the coal
21 from the three mines through one tunnel. Huge
22 sums of money were invested in the construction of
23 this tunnel and it was driven approximately 1400
24 feet. The purpose of this undertaking was to
25 hoist approximately 10,000 tons of coal per day,
26 to reduce expensive transportation costs and
27 thereby substantially reduce the cost of the coal
28 produced.. This project was suspended at a time
29 when coal was fighting for its very life.
30



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3 We point out these facts to you, Sir,
4 to emphasize that the mechanization and modernization
5 program has not been carried out as was originally
6 planned. The gains in reduced coal costs depend
7 on the complete finalization of the mechanization
8 program. Each phase of the mechanization operation
9 must be completed or it defeats the entire
10 program. The coal mines are of a submarine
11 nature and a half-measure of mechanization can only
12 keep pace with the natural advance of the mine, and
13 eventually will diminish until the mine becomes
14 an uneconomic unit. The failure of the Dominion
15 Coal Company, Limited, to make provisions for a
16 proper continuous miner, the failure to erect
17 a coal washing plant in the Glace Bay-New Waterford
18 area, the suspension of major parts of the
19 Mechanization program have all tended to place
20 coal in a poor competitive position in relation
21 to other fuels.

22
23 INDUSTRIAL RELATIONS IN THE COAL INDUSTRY

24
25 The Carroll Coal Commission of 1946
26 recommended that much emphasis must be placed
27 on industrial relations in the coal industry of
28 Nova Scotia. Dosco has established an Industrial
29 Relations Department, but its main function is
30



1
2 devoted to a bowling league and to softball teams.
3 Industrial relations are still almost non-existent
4 in the coal industry. Indiscriminate suspensions and
5 dismissals of men, and needless work stoppages
6 are still occurring because of the lack of a
7 proper, well-administered Industrial Relations
8 Department by the Dominion Coal Company, Limited.
9

10 Relations at the very top level by
11 management and labor are reasonably good, but this
12 feeling of agreement does not extend through the
13 lower levels of management. The Federal Government
14 sent an expert on labor-management relations into
15 the area to establish labor-management production
16 committees. The attitude of the Dosco management
17 at that time was that they would go along with the
18 plan merely to satisfy the Federal Government.
19 These Committees were established, but because
20 of the lack of a good industrial relations
21 Department these Committees have either died because
22 of the non-cooperative attitude of management,
23 or have deteriorated into mere grievance committees
24 where matters that could and should be settled
25 at a mine committee level were being debated by the
26 Labor-Management Production Committees. The entire
27 program has failed miserably because of the
28 negative attitude of the Dominion Coal Company,
29 Limited, towards improved relations between
30 management and labor.



THE SOCIAL ASPECTS OF MINE CLOSURES

The coal industry is located in the Towns of Glace Bay, New Waterford, Sydney Mines, Bras d'Or, Broughton, Inverness and Thorburn, Nova Scotia. Since 1945, forty-four (44) mine closures have occurred in this Province and each one has meant hardship and deprivation for those mine workers who lost their source of livelihood. They and their families have been forced to subsist on Unemployment Insurance benefits or seek work in other parts of Canada or the United States.

The United Mine Workers of America have had to contend with these mine closures by providing food and clothing for the stricken families. We have been aided in this task by church groups and other organizations, but it is high time that we cease to maintain unemployed mine workers. Some government agency must look after these displaced workers and we firmly believe that if there is any further displacement of mine workers, either the Provincial or Federal Governments or both must be held responsible to provide alternate employment immediately for displaced workers.

Mine closures also affect those municipal governments that are directly involved. Every type of service that is rendered to the citizens of each community involved must be curtailed to some extent.



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2 It is impossible for unemployed mine workers to
3 pay their municipal taxes, with the result that
4 educational, sewage, street and all other
5 municipal services must be held to a minimum because
6 town or municipal Bonds cannot be sold or the
7 interest rate is so high as to make their sale
8 prohibitive. This can only result in a lower
9 standard of living for each individual in every
10 mining town where a mine closure occurs or is
11 contemplated to occur.

12 We must make it quite clear to you, Sir,
13 that the policy of the United Mine Workers in Nova
14 Scotia has been to maintain as high a level of
15 employment at the best wages obtainable.
16 The only result that can accrue from a policy of this
17 sort is that wages and fringe benefits must be
18 compromised in order to maintain as high a level of
19 employment in the coal industry as is possible.
20 We have followed this policy and have pursued
21 every agency possible in order to provide mine
22 workers with steady employment.

23 We admit there is an economic problem
24 concerning the entire coal industry, but it is far
25 outweighed by the social upheaval that would result
26 if any further mine workers are to become
27 unemployed. This Union and both Federal and
28 Provincial Governments have been informed by the
29 President of Dosco that the contemplated lay-off
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3 in the Dosco operation would involve
4 approximately 3,000 men. The membership of our
5 Union has decreased from a high of 13,347 in 1946,
6 to approximately 8,000 at the time of the writing
7 of this report. These contemplated mine
8 closures would involve approximately 14,000 Nova
9 Scotians who wish to remain in their native towns
10 and communities, and who are presently prepared
11 to take any action necessary in order to maintain
12 their homes and the communities in which they live.

13 The mine workers of this Province are dismayed
14 at being slowly and surely cut off from their
15 source of livelihood. We are an integral part
16 of the national body and we richly deserve every
17 consideration that can be authorized by the Federal
18 Government. We have no complaint that the St.
19 Lawrence Seaway was built, with the construction
20 of the Saskatchewan River Dam project, or the
21 Trans Canada Natural Gas Pipeline, but we expect
22 that a similar measure of assistance be granted to
23 industry in the Maritime Provinces, especially to
24 the coal and steel industries which form the
25 basis of the economic life of this Province.

26
27 THE PENSION ARRANGEMENT

28
29 The present pension arrangement between the
30



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3 major coal operator in the Province and the United
4 Mine Workers of America is totally inadequate
5 to provide sufficient coverage and security for the
6 mine workers of this Province. There is
7 absolutely no guarantee that the present pension
8 plan would not be immediately dispensed with if
9 financial conditions of the Corporation warranted
10 it doing so. It is not a matter of contract.
11 At the present time there are approximately 1800
12 men on pension at an average amount of \$56.40
13 per month. The Nova Scotia Government and District
14 26, United Mine Workers of America, are willing to
15 negotiate a three-way contributory pension plan,
16 but the Corporation is reluctant to participate in
17 such a scheme.

18
19 COAL MARKETS

20
21 The Canadian Coal market has steadily
22 decreased, especially in the past ten years. The
23 production of coal in the western provinces has decreased
24 because of the discovery of huge oil and natural
25 gas resources in those provinces.

26 District 26, United Mine Workers of America,
27 wish to make it quite clear to you Sir that we are
28 not opposed to competition from other types of fuel
29 that are produced in Canada and where the workers
30



1
2 are paid average Canadian wages. The Maritime
3 coal industry, however, is plagued by the
4 importation of foreign oils which are largely
5 produced by workers who are underpaid, underfed
6 and overworked. This situation is aggravated
7 by an arrangement whereby oil is allowed to be
8 transported at agreed freight rates, while the
9 coal industry suffers from each horizontal freight
10 rate increase.

11 There has been no such native discovery of any
12 other competitive fuels in the eastern part of
13 Canada. Our chief competitor in the Atlantic
14 Provinces has been the importation of foreign oils
15 and lately natural gas is posing a severe threat
16 to coal markets in the Province of Quebec. We
17 suspect that this natural gas is being "dumped"
18 into Quebec, but foreign oil - which is tax free-
19 is destroying the coal market in the Atlantic
20 Provinces. For instance, in 1958, one hundred
21 and four million (104,000,000) barrels of crude
22 petroleum were imported into Canada and of this
23 amount 101,000,000 barrels were consumed in Quebec
24 and the Maritimes, with a total value of \$265,007,689.00.
25 The import of Fuel Oil in 1958 was 4,411,481
26 barrels, with a total value of \$16,856,871.00
27 Light Fuel Oil, numbers 2 and 3, totalled 7,053,982
28 barrels, with a total value of \$25,331,236.00. Heavy
29 Fuel Oils, numbers 4,5 and 6, totalled 7,486,956
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2 barrels, with a total value of \$16,545,012.00.

3 Much of this Atlantic market has been lost
4 and is still declining due to a lackadaisical
5 sales policy of the coal operators, the lack
6 of service offered consumers, and the extraordinary
7 price spread that exists between the producer and the
8 consumer. This Union is not fully aware of coal
9 costs at different points in the Maritimes, but we
10 do know that coal dealers are making an exorbitant
11 profit and that the mine workers of Nova Scotia
12 are being denied of a higher standard of living
13 because those markets that are available to coal
14 are being lost each day because people in the
15 Atlantic Provinces rightly resent the price of coal,
16 the quality of coal, and the service rendered by
17 the coal companies involved.

18 The people of Newfoundland consumed roughly
19 185,000 tons of our coal in 1959 by the way of
20 small schooners and we are of the opinion that a
21 similar market exists all along the Eastern seaboard
22 of Canada and extending into the State of Maine,
23 U.S.A., but that large coal carriers would have to be
24 used to exploit such a market.

25 Coal markets in the Atlantic Provinces have
26 declined because of the reticence of the Provincial
27 Government to impose a tax against imported oil.
28 Each ton of coal mined in this Province is taxed
29 12½ cents per ton, and it is our firm belief that
30



1
2 some sort of a tax should be placed against
3 imported oil in order to at least maintain or expand
4 our competitive position in these Atlantic Provinces.
5 The Union has been most persistent in an effort
6 to have a tax imposed against foreign oil by the
7 Provincial Government. It has been indicated
8 by the Nova Scotia administration that no such
9 tax against imported oil is contemplated in the
10 near future.

11 The United Mine Workers are of the opinion
12 that the Provincial Government should agree in
13 principle with this Union request and meet with
14 representatives of labor and management to work
15 out a formula as to the manner by which such
16 a tax should be imposed. We think that any attempt
17 to tax oil should be initiated by the Government
18 of Nova Scotia, and then it would probably be adopted
19 by the other Provincial Governments of the
20 Atlantic Provinces. In addition, we deem it necessary
21 that a federal tariff should be placed against imported
22 oil to protect the Canadian coal industry. There
23 is very little need for interested organizations to
24 adopt a policy of attempting to bring new industries
25 into Nova Scotia if we are going to lose what we
26 now possess. More emphasis should be exerted
27 to preserving our present industry and then attempt
28 to add additional employment opportunities in the
29 Maritime Provinces.
30



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3 We wish to place particular stress on the
4 tax-free importation of foreign oil because that is
5 the main reason why approximately 5,000 men
6 have been displaced in the coal industry of Nova
7 Scotia in the past ten years, and why we are
8 constantly under the threat of further mine
9 closures. A worker who is operating under
10 conditions of this kind undergoes a psychological
11 disadvantage which naturally has a negative
12 effect on his productive capacity. Some assurance
13 of a long range nature of steady employment must
14 be given the mine workers of Nova Scotia, in order
15 to reduce the extensive labor turn-over in the
16 industry, thereby reducing cost and providing the
17 coal industry with a permanent and efficient
18 labor force.

19 It might be interesting to you, sir, if we
20 were to quote statistics indicating the vast change
21 in the ratio between salaried employees of the Coal
22 Companies and the rank and file workers over a
23 period of some 19 years. Back in 1940 the salaried
24 employees totalled 499 at a time when the wage-
25 earners totalled 12,949; while in 1958 the number
26 of salaried employees rose to 764 in a year when
27 the wage earners had decreased to 8,148.

28 The Chairman of the Dominion Coal Board
29 has informed the Union, Coal Companies and Government
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3 that a very large potential market for coal
4 will develop for the generation of electrical
5 power in the Province of Ontario and that this
6 development will begin this year and demands for
7 coal will increase each succeeding year. We in
8 the Nova Scotia coal industry hope to capture a
9 large part of this market, even though it will be
10 in the subvention area, in order to maintain and
11 possibly expand the Nova Scotia coal industry.

12 During the past few months a concerted
13 attempt has been made by two operators to begin
14 strip-mining operations in the Cape Breton coal field.
15 This type of operation would undoubtedly
16 destroy several coal seams in the area, because the
17 seams pitch so sharply toward the sea that future
18 underground operations would be eliminated
19 forever. It would strictly be a fly-by-night
20 operation and would cause further unemployment in
21 this District. Furthermore, the union has been
22 advised by Dosco that if one strip coal permit
23 is granted that they also would begin stripping
24 coal. This could very well precipitate a price
25 war in the coal industry of this Province that
26 would destroy the entire industry in a very short
27 time. The Union has been informed that the Government
28 of Nova Scotia has no legal right to prevent the
29 issuance of a coal stripping permit unless a special
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3 Order-in-Council is passed and proclaimed to
4 prevent it.

5 Different experts in both Canada and the
6 United States have expressed the opinion that coal
7 will be a very necessary commodity in a few short
8 years, and we are determined to protect our coal
9 reserves for the future. The Nova Scotia coal
10 industry must be fully protected while this
11 potential market is pending, and we fully trust
12 that you will give this matter your utmost
13 consideration.

14 RECOMMENDATIONS

15
16 1. We recognize the fact that the
17 price of producing Nova Scotia coal is too high.
18 We propose that one of your prime recommendations
19 will be that the major coal operator in this
20 Province give immediate consideration to the
21 opening or openings of new mines in Nova Scotia.

22 2. That Dosco be urged to complete their
23 original mechanization and modernization program
24 as quickly as possible in order to reduce
25 production costs and prevent the loss of any further
26 coal markets to other types of fuels.

27 3. That the Provincial Government be
28 urged to reconsider its present policy of not taxing
29
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2 foreign oils that are entering this Province and
3 are slowly but surely destroying the coal industry.
4 We sincerely believe that if our coal industry is
5 placed on a permanent competitive basis, that it is
6 far more valuable to the Province than relying
7 on a product the source of which could be cut off
8 immediately.

9 4. That the Federal Government of Canada
10 give immediate consideration to imposing a tariff
11 against all foreign oils entering this country.

12 It is quite evident that these foreign oils are
13 destroying the coal economy, both in Canada and
14 the United States of America.

15 5. It has been indicated that the
16 Provincial Government of Nova Scotia is prepared to
17 rebate 20% of the coal royalties toward a three-
18 way pension plan, but this cannot become effective
19 unless the Corporation agrees to participate
20 in such a plan and they have failed to agree since
21 1947. We, therefore, propose that you recommend
22 that the Corporation will enter into such an
23 agreement, and thus remove much of the insecurity
24 that now exists in the minds of the mine workers
25 of Nova Scotia.

26 6. That the preferential treatment
27 granted to the transportation of oil by the railways
28 will be abolished. Oil dealers are allowed to
29 ship at "agreed" rates, while coal suffers from every
30



1
2 increase in freight rates.

3 7. That the Coal Companies be urged
4 to erect coal washing plants and to adopt a more
5 aggressive sales policy, in order to combat the
6 threat from foreign oil.

7 8. That the Union be made aware of
8 the price of coal which the Coal Companies and their
9 subsidiaries are consuming themselves.

10 9. That a complete investigation would
11 be instigated into possible featherbedding within the
12 coal industry of Nova Scotia.

13 By that, I mean, sir, to be more comprehensive
14 about it, into the official staff.

15 10. That a proper and efficient Industrial
16 Relations Department be established by the major coal
17 operator in the Province of Nova Scotia.

18 11. That every Coal Company within the
19 Province would make available all the facts
20 pertaining to Company costs etc., to the Union in
21 order that we can properly negotiate our future
22 demands.

23 12. That a complete investigation be
24 conducted into the methods of mining in the
25 Province by a competent and independent Mining
26 Engineer.

27 13. That some research work should be done
28 to indicate the possibility of erecting a
29 briquetting plant in the Province of Nova Scotia.
30



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2 14. That both Federal and Provincial
3 Governments should be urged to burn coal in all
4 government buildings and installations.

5 15. That the subvention area be
6 broadened to include the Atlantic Provinces, and
7 that an investigation be made into the most
8 effective means by which available government
9 assistance can be used.

10 16. That the powers of the Dominion Coal
11 Board would be broadened to include the marketing of
12 surplus Canadian coal.

13 Now, sir, I have a supplementary brief which
14 has been sent to us by Mr. Widman, who is the
15 Assistant to the President of the United Mine Workers
16 of America. I believe you indicated to him that
17 they could present the brief before your Commission.

18 He sent this brief and he wanted us to present this
19 also before your Commission. I understand the
20 same thing will be done by District 18 when you go
21 to the West.

22 In conclusion we wish to thank the
23 Commissioner for this opportunity of expressing
24 the opinions of District 26, United Mine Workers
25 of America.
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SUPPLEMENT

to

BRIEF OF DISTRICT 26, UNITED MINE WORKERS OF AMERICA

from

UNITED MINE WORKERS' INTERNATIONAL OFFICE

The chaos existing in Canadian coal can be classed as nothing less than a national emergency. The economic degeneration evident in the coal fields in both the eastern and western provinces is so appalling that it poses a grave threat, not only to those areas directly involved, but also to the national welfare of the Dominion.

During the past ten years coal production has decreased sharply in all producing provinces. This plummeting output in the face of a general increase in total energy consumption points up the serious competitive relationship under which the industry must operate.

A brief analysis of the major problems confronting Canadian coal might assist the Commission to understand some of the proposals we shall put forth later.

Initially the coal mines of the Dominion are located far from the centers of consumption. In both the eastern and western provinces transportation charges are an effective competitive



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2 barrier as far as coal sales are concerned.

3 The population density of the Dominion is centered in
4 the provinces of Ontario and Quebec, which contain
5 over 50% of the total population and the vast bulk
6 of industry and commerce. Since coal must be
7 carried over one thousand miles in the east and
8 over two thousand miles in the west, it obviously
9 has trouble entering the only large scale market
10 available to it.

11 The efficiency of production of Canadian
12 mines is so low that it raises the price of the
13 product out of competitive range. The principal
14 cause of this is in the nature of the coal seams
15 and their lack of suitability to the introduction
16 of labor saving devices. Because of this the f.o.b.
17 mine price has been kept too high in relation to
18 other fuels.

19 The third adverse factor has been a super-
20 abundance of competing fuels. Often these fuels
21 are in a much better position to fill Canadian
22 energy needs than coal. These three are natural
23 gas from Western Canada, bituminous coal from the
24 United States, and foreign oil, principally from
25 Venezuela. During the past ten years these three
26 sources, most notably oil and natural gas, have
27 expanded rapidly. Viewing the long term trend,
28 petroleum and natural gas will continue to expand
29 and consolidate their hold as the dominant energy
30



sources of Canada.

In summary, the coal industry faces five seemingly insurmountable obstacles:

1. Its location in areas far removed from the principal centres of population and manufacture.
2. Its unsuitability for the introduction of labor saving machinery which would enable it to lower the cost of production and thus be in a more competitive position in the energy market.
3. The abundance of other fuels, especially petroleum and natural gas, under circumstances which place them in an extremely advantageous position.
4. The rapid conversion of the Canadian railroads from coal-firing to diesel locomotives, thus eliminating one of the principal markets for Canadian coal.
5. The attitude on the part of domestic consumers that coal is an old fashioned, dirty fuel, unsuitable for use and their resultant conversion to other fuels.

The social and economic consequences of this slow collapse must be measured in terms of human considerations and economic effect.

Briefs submitted separately by Districts 18 and 26 of the United Mine Workers of America outline in a more specific way the loss of jobs brought



1
2 about by the decrease in coal production in their
3 own Districts. What we want to reemphasize here is
4 the necessity of alleviating the human problems
5 caused by unemployment.

6 Unemployment is one economic ill which
7 demands solution. No other economic ill affects
8 individuals within an area more than mass
9 joblessness of their region. The economic
10 stagnation apparent in the coal fields of Canada
11 represent a cancer on the future economic
12 prosperity of the Dominion. The spectre of
13 unemployment is repulsive to a country which aspires
14 to ascend the heights. We cannot afford it. We
15 cannot allow it. Distressed families and terrible
16 living conditions are the forerunners of social
17 decay and moral degeneration. Nations do not grow
18 on such material.

19 Thus, we feel it necessary to consider the
20 problem of unemployment which is a direct result of
21 coal's decline. But it is a situation which
22 cannot be evaluated on its economic merits. The
23 question is one in which people are the pawns and
24 human suffering on a vast scale the price of a wrong
25 move.

26 Several months ago International Board
27 Member Delaney of District 26, UMWA, toured our
28 Districts in the United States to observe the
29 conditions there. Although the causes are different
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2 in many cases, the result of unemployment is the
3 same. Entire states have felt the constant economic
4 pressure when thousands of citizens lose the only jobs
5 many of them know -- coal mining. Tax revenues
6 decline, schools, churches and other institutions
7 fall into disrepair. This headlong flight into
8 oblivion is self-generating. The more people
9 unemployed, the greater the need, but with a
10 constantly diminishing source of revenue. What is
11 needed here is a whole new approach, a fresh look,
12 as it were, to an age-old problem.

13 Economically we have witnessed an entire
14 industry rush head-long toward dissolution. Despite
15 this experience, experts, both north and south
16 of the border, are busily outdoing each other
17 predicting a millennium for coal.

18 The apparent contradiction between our
19 present pallid industry and the envisioned robust
20 giant of the future illustrates the economic
21 tragedy which is occurring in Canadian coal. The
22 industry is in no position to meet future obligations.
23 Vanishing markets and declining productions are signs
24 of decay and obsolescence, not health and future
25 potential.

26 The question we must ask ourselves is whether
27 or not Canada can allow her coal industry to so
28 deteriorate. Probably those who do not heed the
29 experience of other nations or lack the vision
30



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2 necessary for national growth would allow such a
3 valuable natural resource to be thus wasted.
4 Fortunately, however, the more farsighted will
5 realize that coal has been the basic energy source
6 of every major industrial power. This was
7 true in England, on the Continent and in the
8 United States. Even the Soviet Union and
9 Communist China are feverishly exploiting to
10 the maximum coal resources in their countries.

11 Our experience in two world wars is a
12 good indication of the indispensibility of coal.
13 In both instances every major power was forced
14 to rely on coal for their basic energy needs. In fact,
15 the Germans developed many ingenious synthetic
16 products from coal which materially aided their
17 war effort.

18 Our contention is simply this: Nature has
19 endowed the Dominion of Canada with many valuable
20 resources. One of the most important of these
21 is coal. Utilization to the fullest extent of
22 this valuable resource will be of great benefit to
23 all of Canada. If the coal industry is to
24 fulfill the responsibilities expected of it in the
25 years ahead, steps must be taken today to make
26 coal mining areas bustling centres of prosperity,
27 rather than dark areas of unemployment.

28 Quite obviously, the problems confronting
29 the coal industry in Canada are of staggering
30



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2 dimensions. Solutions, if there are any, will
3 probably be complex and involved. We recognize that
4 political, as well as economic, factors must be
5 weighed carefully by this Commission in reaching any
6 definite conclusion or proposing any program.

7 The situation as we see it may be viewed from
8 two aspects: The short term and the long range
9 solution. Both areas are critical. Obviously any
10 program must not sacrifice the long term interest
11 of the Dominion in favor of short range panaceas.
12 But we must constantly remember that the short term
13 problem is made up of Canadian citizens in desperate
14 need of assistance.

15 The basic need for coal in the short run is
16 to stabilize markets and production and to render
17 assistance to coal miners unemployed or working
18 short time. Many of the remedies proposed do
19 provide for such short term assistance. However, as
20 previously stated, long and short range plans must not
21 act contrary to one another.

22 We would seriously consider a policy whereby
23 the buildings and other installations of the
24 Federal and Provincial Governments would consume
25 coal for heating and other applicable purposes.
26 Tonnages consumed in this way would provide one
27 secure outlet for Canadian coal which could be
28 used as a marketing base. The first step in
29 initiating the use of coal in Provincial and Federal
30



1
2 government buildings would be a study to
3 ascertain the tonnage involved and the benefit
4 the Canadian coal industry could derive by a market of
5 this kind. Our National Headquarters in Washington,
6 D.C. has found that in the United States coal has been
7 discriminated against by various government
8 agencies in favour of competing fuels. We
9 should think, in light of all the facts presented
10 to this Commission, that our government would
11 seek to aid coal in every way possible.

12 Unemployed coal miners are not a Canadian
13 rarity. Thousands of men all over the world
14 have been thrown out of work because of the decline
15 in coal production. In the United States it is
16 estimated by our organization that over 110,000
17 men are thus unemployed.

18 I might say at this time, Mr. Commissioner,
19 it is interesting to note that this is exactly
20 what we in Canada are trying to prevent; to take
21 steps in advance to prevent this.

22 A special committee of the U.S. Senate
23 has been designated to study this one problem.
24 In testifying before that committee, Mr. Michael F.
25 Widman, Jr., Assistant to the President and
26 Director of the Research and Marketing Department
27 of the United Mine Workers of America, outlined
28 the need for a constructive program to aid the
29 unemployment when he said:
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2 "We are going to ask that the Government
3 of the United States help the citizens of
4 our great republic who live in distressed
5 areas. These men and women do not seek
6 charity. They demand the right to provide
7 for their families by useful labor. We do
8 not feel that it is too much to ask our own
9 government to help these people
10 help themselves."

11 In order to alleviate the immediate
12 effects of unemployment, the unemployment insurance
13 should be paid for the duration of the unemployed
14 period. The unemployment system provides the
15 necessities of life to those unfortunate men unable to
16 find work. It cannot with propriety or in logic
17 or in common sense be classified as a dole.
18 The United Mine Workers of America maintains that
19 there cannot be dire poverty in Canada, when the vast
20 majority of our citizens are enjoying the highest
21 standard of life in history. Poverty in the midst
22 of plenty is an intolerable incongruity, the
23 existence of which we cannot afford.

24 Complementing the payment of unemployment
25 insurance, we feel that a vast program of worker
26 rehabilitation should be undertaken. In this
27 way men who find their skills inadequate in a
28 fast changing industrial world will be in a more
29 advantageous position in securing job opportunities.
30



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2 In addition, the Canadian miner will be able to
3 adjust to new conditions and job opportunities,
4 maintain his pride and self-respect and, most
5 important, make a contribution to the general
6 welfare of the nation.

7 An investment in our human resources is the
8 most important expenditure any government can make.
9 The Canadian coal miner has a long record of
10 service to his community and his country. All
11 he asks is an opportunity to continue this
12 service.

13 While we understand the complexities
14 attending upon foreign commerce, the present plight
15 of the domestic coal industry requires that a
16 concrete examination be undertaken of the economic
17 and trade aspects of extending the Canadian market
18 to the Canadian coal industry. Such an
19 investigation should scrutinize closely the increasing
20 dependence by industry upon foreign energy sources,
21 especially those requiring ocean transport. The
22 lessons of World War II were purchased at an
23 extremely high price. We believe that in the interest
24 of our national defence our government should weigh
25 carefully the availability of our energy sources
26 under any and all circumstances.

27 The problems of the coal industry of the world
28 are strikingly similar. Old patterns of consumption
29 are vanishing. If the industry here or elsewhere
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1
2 is to survive, it must undertake continuing,
3 vigorous and coordinated research supported by
4 ample funds from the government.

5 The importance of research in the long
6 range surmounts all other considerations. In fact,
7 without research any and all stop-gap measures
8 cannot succeed. Research is the principal
9 means of salvation for the Canadian Coal industry.

10 Research for coal would serve two valuable
11 purposes:

12 1. By discovering new methods of utilization,
13 additional markets will arise to take the place
14 of present markets which are constantly being
15 eroded by competing fuels.

16 2. Widespread chemical uses of coal
17 could well result in huge industrial
18 complexes springing up in coal fields which
19 would not only end the coal unemployment
20 problem, but would provide employment for many
21 others in allied industry.

22 The potential for research is almost
23 limitless. We would like to cite a few illustrations
24 to indicate the general scope of potential projects
25 with staggering dimensions.

26 The Virginia Polytechnic Institute in
27 Blacksburg, Virginia, U.S.A., recently published
28 a report on a diesel engine using pulverized
29 bituminous coal as fuel. The report is the result
30



1
2 of a test conducted by V.P.I. on an invention by
3 a Mr. R.E. Harvey of Roanoke, Virginia. The
4 idea behind the invention is hardly new. The
5 original diesel engine was fired by coal. An
6 associate of Dr. Diesel actually ran a coal-fired
7 diesel for many years. Unfortunately, the data on
8 his work was lost to the Russians since the town where
9 it was located is now behind the Iron Curtain.

10 But consider for a moment the results which
11 a coal - fired diesel engine would have for
12 Canadian coal. A market now almost totally lost would
13 be regained. Railroad use would inject new life
14 into the dormant coal fields. The fact that a
15 coal-fired diesel engine has been tested should
16 be a spur to our own research efforts.

17 Recently the Curtiss-Wright Corporation of
18 the United States announced a road paving material
19 using bituminous coal. This material would be
20 substituted for oil-based asphalt. The
21 principle of the new process is simple. Raw coal
22 is dissolved in coal tar which is made in one of two
23 ways, either in the coke making process, or by low
24 temperature carbonization. Strips of road using
25 the coal binder have already been laid and are
26 being tested in the Commonwealth of Kentucky.
27 Other states, including Colorado, Pennsylvania,
28 West Virginia, and New Mexico have shown a keen
29 interest in the process. Curtiss-Wright Corporation
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2 and the Peabody Coal Company have formed a joint
3 Corporation to manufacture and sell the road
4 binder. The magnitude of the market may be
5 measured when we consider that over two thousand
6 tons of raw coal will be used to lay one mile
7 of road. This figure includes the coal used in the
8 tar making process. Early reports from Kentucky
9 indicate favorable results. Driveways and airport
10 runways are other outlets for the material, since
11 it does not dissolve in the presence of petroleum
12 products. It is just another example of what
13 research can do.

14 The Reading Anthracite Company located in
15 the anthracite coal fields of Pennsylvania is
16 planning to build a chemical plant to extract raw
17 chemicals from anthracite silt. If successful,
18 an entire new industry will be born. Additionally,
19 more coal will be required after the silt is
20 exhausted. But most importantly, a chronically
21 depressed area will receive a most welcome economic
22 boost.

23 These few examples indicate the potential
24 existing in research. The future of the coal industry
25 lies in a wider area of use, the means to, and the
26 knowledge of which are, until now, a factor of
27 relative insignificance. Consequently, a greater
28 and coordinated program of research into the
29 possible uses of coal should be undertaken by the
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2 Federal Government with the continuing and
3 vigorous cooperation of the governments of five
4 provinces where coal is produced. Research should
5 be stepped up and some of the monies asked for in
6 the form of subsidies should be plowed into
7 research. Such monies should be an annual budgetary
8 allocation on a continuing basis. In short, the
9 individual efforts now being undertaken by separate
10 provinces and universities should be pulled
11 together into a national concerted program of well-
12 planned research.

13 One final long range solution to coal's
14 problems is worthy of consideration. As the
15 industrial economy of Canada grows, her need for
16 power is certain to expand apace. Obviously,
17 the water power now widely used will prove inadequate.
18 Since a new power source will have to be found,
19 we would suggest that consideration be given to the
20 expanded use of coal as a principal or supplemental
21 energy source. In the United States, for example,
22 coal supplies 55% of all electricity generated.
23 Even the Tennessee Valley Authority, which
24 was originally all hydro, has become the largest
25 single consumer of bituminous coal in the world.
26 Government aid in this area would serve a two-fold
27 purpose:

- 28 1. It would be of considerable benefit
29 to the coal industry and would provide vast
30



1
2 new markets for it.

3 2. It would assure Canada of adequate
4 energy to power the industrial development
5 now and in the future.

6 The problems of coal are not impossible
7 to solve. The efforts of all interested groups joined
8 together in the common cause will go a long way to
9 reviving the industry. The United Mine Workers
10 of America pledges its unstinting efforts in this
11 cause.

12 THE CHAIRMAN: When they use the word
13 "our", does he mean Canada, United States or North
14 America?

15 MR. MARSH: What page is that?

16 THE CHAIRMAN: All through.

17 MR. MARSH: That is our Union.

18 THE CHAIRMAN: Every word of this is
19 more applicable to the United States than it is
20 to Canada.

21 MR. MARSH: I understand that.

22 THE CHAIRMAN: Do you really know the
23 conditions existing in West Virginia ?

24 MR. MARSH: I have an idea, sir.

25 THE CHAIRMAN: You see, so far as I know
26 there is no such thing known in the United States
27 as subsidizing coal. Their theory of private
28 enterprise does not permit it. I think this is
29 first class advice. I think it is a well-written
30



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2 supplement. I would like to see how it works
3 out in the United States.

4 MR. MARSH: They have a 110,000 unemployed,
5 and they are looking for aid now, and we on the
6 other hand now, are looking for aid from our
7 Provincial and Federal Governments to prevent
8 something -- to prevent such a staggering as this,
9 by ratio and proportion and percentage, differences
10 in the sizes, and we are asking our Government
11 not to make the mistake which is being made in the
12 United States.

13 THE CHAIRMAN: Oh, yes, I fully appreciate
14 that, but I just want to point out that the
15 United Mine Workers followed a theory of economic
16 life that I think you would rather balk at.

17 MR. MARSH: Well, no, sir. Ten to twelve
18 years ago our Union and our membership agreed to
19 go along with the Dominion Coal Company in complete
20 mechanization because at that time it was felt
21 that the industry was in the same position as what
22 it is in now. They were facing a tremendous
23 crisis, and the Union fully agreed to go along with
24 the company as recommended by the Carroll Coal
25 Commission, into as complete a mechanization of
26 the mines as possible.

27 THE CHAIRMAN: Would you agree to the
28 results in this province that have been reached
29 in the United States, that you are now employing- -
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2 that is, apart from the immediate present - your
3 force has been reduced by two-thirds. Instead
4 of employing over 600,000 men, you are employing
5 less than 200,000 men. You maintain a similar
6 capacity, you maintain the price of coal, and
7 what you have achieved, you are giving 190,000
8 men \$25. a day while they are working, and in
9 West Virginia today any mine that doesn't pay its
10 way is cut off unmercifully. When that is done,
11 what happens to the men?

12 MR. MARSH: You never let me finish. I was
13 coming to that.

14 THE CHAIRMAN: All right.

15 MR. MARSH: We agreed with the company to
16 go into mechanization, but we did not adopt the
17 policy of closing out uneconomical mines. In fact,
18 our policy has been the opposite.

19 THE CHAIRMAN: You did not follow their
20 policy to the end?

21 MR. MARSH: No, no, no, no, and there is quite
22 a difference between mine closures and losing men
23 from mine closures and losing them from mechanization.
24 We couldn't lose our men on the same ratio as they
25 do in the United States because their seams are
26 subterranean, and their seams can be stripped. You
27 take these huge stripping machines, they go in with
28 their mechanization, and they go ahead at a fantastic
29 rate.
30



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2 THE CHAIRMAN: Yes.

3 MR. MARSH: But we were confronted possibly
4 with something far less than that, and even if our
5 mechanization was completely finished, we couldn't
6 hope for nearly even the same percentage of
7 dislocation as what has happened in the United States.

8 THE CHAIRMAN: Yes, I was going to say
9 that one of the remarks here -- what it meant was
10 it would be a disgrace to this country to see
11 thousands of men degenerated by walking the streets.
12 Unfortunately that is exactly what is taking place
13 in the United States today.

14 I am the last person to reject advice. I must
15 say I enjoy seeing it followed by the person giving
16 it.

17 MR. MARSH: You see, possibly he was speaking
18 from experience.

19 THE CHAIRMAN: Oh, that may be. I just
20 want to point out I feel the same way on Canada.
21 The question is how are we going to prevent that?
22 In the United States when mines close, if the
23 miner displaced has satisfied the conditions of
24 his pension, he receives from the United Mine
25 Workers \$100. a month.

26 MR. MARSH: Pension.

27 THE CHAIRMAN: If he doesn't fit in or
28 satisfy those conditions, he receives nothing from
29 anybody in the way of pension.
30



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2 If the community is able to produce new
3 industry with the help of the state by way of
4 advancing money on loan, industry is introduced,
5 but if that is not possible, what is left to him
6 there as he is today in West Virginia?

7 Now, the only information I have which has
8 been published, and has not so far as I know been
9 challenged, is that he really is left to the mercy
10 of the surplusses of the agricultural policy of
11 the United States.

12 MR. MARSH: Wouldn't he possibly be in the
13 same position as the coalminer in Springhill?

14 THE CHAIRMAN: He is just about the same.
15 Now, the question is what ideas can we suggest,
16 and I say this is really an excellent statement.
17 I think it is an excellent statement. There is
18 really nothing in the way of an idea to indicate
19 at the moment how you can deal with a problem of
20 that nature. We have bonuses. I don't know
21 any other nation on earth who is maintaining
22 mining today, by means of subsidy as we are.

23 They are not doing it in Belgium. I read
24 a report in which it said we can't adopt a policy
25 of maintaining a moribund industry. That is the
26 cold-blooded ruthlessness with which they deal
27 with it on the continent of Europe. All I am
28 emphasizing is what I think is a far more humane
29 policy in this country, and the means by which
30



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2 we can make it palatable to the entire Dominion.

3 I agree with what he says, it would be a
4 disgrace for a modern nation of wealth to stand
5 up and witness the gradual decay and death of
6 human individuals in that manner.

7 There is another aspect to it, Mr. Marsh,
8 and that is this: Suppose you have alternative
9 employment, and that is really what presents itself
10 in other situations. The coal demand has been so
11 terribly reduced that there is no possibility,
12 of that sort of exchange which is the basis of our
13 business. Then you must say first what alternative
14 occupation.

15 Now, even assuming the right of an
16 individual to call upon the community to say I am
17 entitled to work. You can't assert that right to
18 say I want this kind of work at such a place. I
19 think you have got to admit that if he can get work
20 he ought to take it even though it means pulling
21 up his roots which are deeply established in a
22 community. I can't see how you can say the right
23 of the individual against the community extends
24 to the degree of dictating the kind and place of
25 his alternative employment. Now, I am on good
26 authority.

27 Nearly three hundred men from the Springhill
28 area were furnished occupations or means of
29 occupations around the City of Montreal. An
30



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2 insignificant number accepted, and a smaller
3 number remained. It is a wrench. Everybody
4 agrees with that. But I have to leave my home.
5 I know what it is. You may have had to do that.
6 What do you suggest about that sort of thing which
7 is I think one of the important features apart
8 from all other measures which will enable Canada
9 to be self respecting regarding its citizens.

10 What do you think is the duty of the citizen
11 in that way when he is a victim of forces which he
12 cannot control.

13 MR. MARSH: Well, Judge, those people you
14 know, first of all, their whole life's work and
15 savings is invested possibly in a home. All the
16 furniture and different pieces of furniture they
17 could get to put in the home. It is their
18 complete investment. Now, in order to leave that,
19 they must sell it and try to recoup some of their
20 losses. Naturally in Springhill you couldn't give
21 them away.

22 THE CHAIRMAN: There is no doubt about that.

23 MR. MARSH: That is what worries us about
24 Cape Breton. We use Springhill as an example.
25 You see all this reluctance of the people to leave
26 those lifelong investments to the whims of people
27 left behind. That is what worries us about Cape
28 Breton.

29 We are talking about alternative employment.
30



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2 We don't feel that it is necessary to even worry
3 about alternate employment in this case because we
4 feel the present employment can be maintained,
5 and you say to yourself how do you justify that,
6 and you mention subventions, exorbitant subventions
7 being paid to help coal to be sold in Central
8 Canada.

9 Now, we don't agree with that. In fact we
10 feel that there is not enough subventions being
11 paid. We feel more subventions should be paid.
12 Now, we noticed that the Gordon Commission neglected
13 to investigate all across Canada the percentage of
14 assistance which was given to the other industries
15 in Canada by comparison to the percentage of
16 assistance which is given to our industry here in
17 Nova Scotia. The coal industry. That is a big
18 question, and that is a question which should be
19 answered, and we feel maybe in the light of all
20 those other protections percentagewise, we feel
21 maybe we are being short-changed. For me to come
22 in and justify that subventions should be continued,
23 and increased to an unlimited extent, I could name
24 an investment of roughly 370 million dollars to
25 dieselize the Canadian National Railways, and take
26 away roughly a million-ton market as far as we
27 are concerned from the Nova Scotia coal industry,
28 and give it to a foreign-produced product, oil.

29 I can go further than that and refer to
30



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2 Mechannual where a Mr. Berringer, President of a
3 railway company in the United States, makes a predic-
4 diction that in the next 10 or 15 years electrification
5 will take over as propulsion energy in the United
6 States. Electrification is 75 per cent cheaper
7 than the diesel engines now being used in Canada.

8 I am going to look forward to see if that
9 mechanization or electrification project is carried
10 completely through to see whether the same capital
11 investment will be made and the same quick move
12 will be made to change from foreign oil back to
13 electricity, which you could say that is the same
14 as coal.

15 All these things, Mr. Commissioner, you could
16 go into it and you could mention the car manufacturers.
17 They have protective tariffs. Now, they look at
18 subventions and subsidies with horror. With
19 horror, and yet their very existence depends on
20 more protection in a different way. Now, look at
21 your dairy farmers, your hog raisers, your wheat
22 farmers, your manufacturers. I don't think there
23 are two industries you could mention in the Dominion
24 of Canada which are not receiving some form of
25 protection or other.

26 If we are going to apply the same cold
27 economic calculation to the coal industry, well,
28 we are agreeable, if it extends all across Canada.
29 We are agreeable if we are going to be allowed to buy
30



1
2 cheap American goods, especially electrical
3 appliances, cheap cars, if we are going to be
4 allowed to buy cheap goods that would come in from
5 Japan or China, we will go along with it. We
6 will go right across the piece. We are agreeable
7 to it.

8 However, we do not and we dislike being
9 classed as beggars, and being classed as people
10 who are getting something which they should not be
11 getting. Lets carry that a bit further. Lets go
12 into the token tariff which is being charged
13 against American coal coming across the border.
14 Lets go back over the years and figure out just what
15 revenue that gave to the Canadian government, just
16 how much the Canadian government paid out in
17 subventions, and compare it and actually find out
18 just how much money it did cost the taxpayer.

19 Now, what the taxpayers do not know is this:
20 They haven't subtracted -- say last year or the
21 year before last when they brought in 13 million
22 tons of coal, and say we got 12 million dollars in
23 subventions. 13 million tons of coal would give
24 the Canadian government $6\frac{1}{2}$ million dollars.
25 Subtract that from 12 million, and what have you,
26 about $4\frac{1}{2}$. Now, what the Canadian taxpayer does
27 not know is this: They pay actually from their
28 pocket $4\frac{1}{2}$ million dollars to the Nova Scotia
29 industry, but how many million dollars do they save
30



1
2 all these industries?

3 Let's carry the thing further. We will assume
4 now we will go ahead and we will abandon the coal
5 industry. We won't give the coal industry any
6 protection. We will allow the coal industry to
7 go out of existence. Who is going to pay the price
8 in the long run? It is going to be the Canadian
9 taxpayer, because then you have people who were
10 getting we will say roughly 5 million dollars to be
11 producers, who are now non-producers. They are
12 not contributing to the economy of the Dominion of
13 Canada.

14 Then there are some people who were the same
15 as the United States. They are direct dependents
16 of the State. What would they cost? Let's get
17 into the Unemployment Insurance fund, and carry
18 it on from there. Direct loss to the Federal
19 Government of income tax from the miners, and then
20 when the miners become idle, clerks and people who
21 work for towns and what have you, they become idle.

22 Let's figure out the loss from these people
23 and carry it on a step further than that, and figure
24 out the loss of direct revenue in income tax from
25 the people that these people do business with. It
26 is like an octopus. It is like a chain. Consider
27 the loss even pertaining to the company. The goods
28 they don't buy, and stuff like that, and you could
29 go on and on and on.
30



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2 Finally, what the Gordon Commission should
3 have done was estimated how much of a bill this
4 would be to the Canadian taxpayer if you are going
5 to apply economics pertaining to the taxpayer of
6 the Dominion of Canada. I think if the whole thing
7 was properly explained to the people of the Dominion
8 of Canada, just how much money they are saving
9 by the present subventions they are paying out,
10 then we wouldn't have the stigma attached to the
11 payment of subventions to the coal industry.

12 Now, the natural gas pipeline coming across
13 the Province of Ontario, they received a fantastic
14 amount of money from the Federal Government.
15 I know the Ontario Government reneged in payment.

16 THE CHAIRMAN: Well, there were two
17 governments there. I think I am right. They agreed
18 to construct the central section across the north
19 of Lake Superior and lease it on certain terms to
20 the operating company and then they advanced
21 about 80 million dollars on a loan.

22 MR. MARSH: That is right.

23 THE CHAIRMAN: To the western section, which
24 was repaid.

25 MR. MARSH: That is right. Now, this
26 money was loaned and it had a very detrimental
27 effect, or is having this year, on the coal
28 industry.

29 You have the St. Lawrence Seaway. Our's paid
30



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2 for that. You have, as I mentioned before, the
3 tremendous investment in dieselization of the railways.
4 That is national policy.

5 THE CHAIRMAN: I was just going to say, my
6 information is this: That in between 15 and 20 years
7 that total cost would be recouped by the savings
8 over coal.

9 MR. MARSH: Mr. Chairman, possibly they might
10 make that assumption.

11 THE CHAIRMAN: I am simply stating that fact.
12 I am not drawing any inference from it at all.

13 MR. MARSH: The only fact that we have
14 regarding the Canadian National Railways is every
15 year they have lost 20,30 or 40 million dollars,
16 so I would not see how they would recoup that money
17 in 20 years.

18 THE CHAIRMAN: They were trying to cut that
19 down by the introduction of the diesels.

20 MR. MARSH: I will complete this, sir.
21 Our people are puzzled by the strange attitude of
22 the people in the rest of Canada regarding the coal
23 miner. All the coal miners ask is the chance to
24 be productive and contributors to the economy of the
25 Dominion of Canada. As far as the subventions go,
26 as long as cheap foreign residual oil is flooding
27 coal out of its natural market, the Maritime Provinces,
28 and forcing us right out of business, as long as
29 this is going on we feel that unlimited subventions
30



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3 should be paid. In fact, if we are going to be
4 forced out to Vancouver to sell coal and the
5 Government does not want to give us the protection
6 to our shorelines, let them have as much subvention
7 as they want.

8 What was done years ago? American coal was
9 a competitor. Instead of placing an effective
10 subvention against them, there was only a token
11 subvention of 50 cents placed against American
12 coal, and the rest was made up of subventions.

13 THE CHAIRMAN: Even in your protective tariff,
14 there are limits to the amounts of the rates that
15 will be imposed. There are certain industries
16 that will not be assisted by sufficient protective
17 tariffs, because they are not in any sense economical.
18 I think you have to take that consideration into
19 account.

20 MR. MARSH: It is a hard question to determine,
21 whether they will be economical or uneconomical,
22 because it is a very complicated question. When you
23 get into protective tariffs and taxes and subventions
24 and subsidies, you are in a complicated field.

25 Our point is that until someone comes out and
26 tells us that we are getting too much percentagewise
27 in protection with respect to industries across
28 Canada, we feel we are not getting enough, and we
29 feel that as much protection should be given by the
30



1
2 Federal Government to maintain our workers in their
3 present productive capacity today, as is needed.

4 THE CHAIRMAN: That is the sort of
5 statement, Mr. Marsh, that I am looking for.
6 You have given the reasons upon which you base your
7 claim to have this continued, and that is of value
8 to me. Evidently there are no questions.

9 HONOURABLE MR. MANSON: I would just like
10 to clarify one point on the paving process referred
11 to in the Curtis Wright, that the Provincial
12 Government is keeping a very active eye on that.
13 We have placed an observer in Kentucky watching
14 the laying of this particular operation, and we are
15 in complete contact with it. While there is
16 nothing definite at this time, we might state it
17 is encouraging and we will keep looking at it.

18 THE CHAIRMAN: Yes. I might say, Mr.
19 Murphy, that the research into coal is under the
20 direction of very competent men in Ottawa. Not
21 only is that research being pursued, but our
22 research scientists are constantly in touch with
23 what is going on all over the world, particularly in
24 the United States and Europe, and even Asia. So
25 there is no lack of investigation to see what further
26 uses coal among the fuels may be put to, including
27 other purposes as well as fuel.

28 That is not being neglected. We have first
29 class men, and I think you know that, in Ottawa,
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2 and they are men who are giving their very best
3 ability to this. So you may rely upon that. It
4 is right in the forefront of the interests of the
5 Government. Thank you, Mr. Marsh.

6 THE CHAIRMAN: Mr. Fairley, I assumed if
7 the company wanted to ask any questions, it would
8 do so?

9 MR. FAIRLEY: Yes, sir. We had no
10 questions.

11 MR. ELLIS: Mr. Commissioner, I would like
12 to call upon Mr. W.M.Ferguson who will present
13 a brief on behalf of the town of New Waterford.
14 This will become Exhibit number 29.

15 MR. FERGUSON: Mr. Chairman, this is a
16 brief from the Town of New Waterford. Mr. Gillis
17 and myself are here representing the town.
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BRIEF

of

THE TOWN OF NEW WATERFORD, NOVA SCOTIA

APPEARANCES:

MR. W.M. FERGUSON

MR. GILLIS.

The Town of New Waterford is a municipal unit whose government is based on a constitutional grant of Provincial power to the people as an Incorporated Community. The Town is an independent government within its own orbit standing side by side with the Federal and Provincial Governments, enjoying the power to govern itself within a limited scope of authority and function.

The Town services are geared to service approximately 10,000 people being the population of the Town and environs.

THE CHAIRMAN: I have 15,000.

MR. FERGUSON: There is 15,000 in the environs, 10,000 in the Town.

THE CHAIRMAN: It says 15,000 here.



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2 At this time the whole economy of the Town
3 is dependent upon the mining of bituminous Coal.
4 Two mines are in operation, being #12 Colliery and #16
5 Colliery of the Dominion Coal Co. Ltd., within the
6 Town limits while a third mine, #18 Colliery,
7 Dominion Coal Co. Ltd., is situated in the environs
8 in District #20 of the County of Cape Breton.
9 There is no other basic industry in the area, other
10 than a small inshore fishing industry, which in
11 scope is negligible, having little or no bearing on
12 the economy of the area. In the past, two coal
13 mines #14 and #15 of the Dominion Coal Co. Ltd.,
14 have been closed, and the resulting chaos and
15 confusion and loss of revenue was absorbed by the
16 Town.

17 The largest tax-payer in the area is the
18 Dominion Coal Co. Ltd., taxation for Town purposes
19 being based on property-tax, Real and Personal and
20 Poll. The loss of taxation on either #16 Colliery
21 or #12 Colliery would be a crippling blow to the
22 economy of the Town.

23 The remainder of the Taxation Revenue of the
24 town is rated and levied on the property, Real and
25 Personal and Poll Tax of the men employed in and
26 about the collieries, and on the property of
27 Firms, Corporations and individuals supplying
28 services to the coal miners and their families.
29 The closure of either Colliery, with the resultant
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2 unemployment of half the working force of the main
3 basic industry, would lead to chaos and catastrophe
4 in Municipal Government due to loss of revenue of
5 taxable property and the increase in Welfare costs.

6 As Federal-Provincial relations directly
7 affect Municipal Administration, so their
8 respective policies in regard to basic industry
9 directly affect the town. The policies of
10 management of the industry reflects itself in the
11 prosperity or depression of the town. Therefore,
12 where the basic working force of the town is employed
13 in a single industry, it is a matter of survival
14 to the town if their means of livelihood is
15 threatened by unnecessary closure of mines, or
16 unnecessary curtailment of the working force, or the
17 working time, of the industry.

18 THEREFORE OUR TOWN OF NEW WATERFORD submit
19 the following suggestions respectfully and
20 prayerfully to this Honourable Commission for its
21 consideration in arriving at its decisions and
22 recommendations;
23

24 BRIEF

25
26 (a) Present and future markets for coal
27 as a source of energy in the various regions
28 of Canada.
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1. Ontario consumers use more coal than the remainder of Canada as a whole, in fact Ontario uses more coal than the entire Canadian output. It would seem apparent, then, that in a changing world where gas, oil and electrical energy is replacing coal, that Canada is fortunate in being a country which must import coal to supply its needs. It would logically follow that the solution to our troubles in the coal industry in the Maritimes and in the West would be that the Federal and Provincial Governments adopt a "Canada First" policy. In time of war, when our country or any part of it is threatened by the domination and tyranny of a foreign power, the Maritimes and the West are considered one national unit and are required to join Central Canada in a common war effort, so it should follow that in time of peace when foreign capital so invades our country and economy that the operation of our industry must be discontinued or curtailed to a degree where the survival of entire communities is threatened, the whole country should be one National unit to meet the challenge. There is not much difference between a Cold War and a Hot war, when the end results are the same, and our Federal and Provincial Governments



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3 should not allow themselves to be embarrassed
4 into paying out millions of dollars of the tax
5 payers money of this country in order to
6 allow foreign capital a free hand in controlling
7 and closing our industries. At the present
8 time the solution to the problem of present
9 and future coal markets for Maritime coal
10 is not to find new markets but to obtain
11 the markets that presently exist and that
12 we are entitled to by reason of our Canadian
13 Nationality.

14 To bring this to pass, all that would
15 be required on the part of our Government
16 would be the passing and enforcing of
17 Legislation prohibiting the Canadian Steel
18 and Coal Corporations from owning or having
19 a direct or indirect interest in United States
20 of America Coal Mines or distributing
21 companies of American Coal. As long as a
22 Canadian Steel Company owns an American mine
23 we can expect that their engineers will find
24 that our coal contains impurities and inferior
25 qualities making it unsuitable for
26 manufacturing steel and as long as a Canadian
27 coal company has a financial interest in a
28 foreign coal mine or coal distributing company,
29 we can expect it to mine only enough coal to
30 retain its leases and take every measure to



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2 to extract money from our taxpayers through our
3 Governments on every possible occasion for
4 grants in aid and subsidies, and to curtail
5 their working time to extract money from
6 Unemployment Insurance plan funds, to the
7 detriment of every working man in Canada.

8 In the alternative, the Federal
9 Government could empower the National Coal
10 Board or the National Energy Commission to
11 market all coal sold in Canada with the
12 provision that all Canadian coal produced
13 would be sold before foreign coal could be
14 dumped on the Canadian market. We have a
15 parallel to draw at this point. What would
16 happen to the Canadian Motor Car Industry if
17 Foreign Motor Car Manufacturers were allowed
18 to dump their surplus on the Canadian
19 market without the payment of tariff excise
20 duty which enables our motor car industry
21 to operate at a profit? The answer is
22 that the same thing would happen to the
23 motor car industry that is happening to the
24 coal industry.

25 We suggest that the situation becomes
26 ridiculous when it has reached the stage
27 that foreign American Capitalists protest
28 to the Federal Government its action in
29 paying subsidies to one of its own Canadian
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2 industries to allow it to compete in its
3 own Canadian market with coal dumped from a
4 foreign American industry. We suggest that
5 these protests should receive the same
6 treatment in this time of dire emergency in
7 the coal industry as would be applied in time
8 of war, if an enemy General were to protest to
9 a Canadian General his aiding any other
10 Canadian General under fire.

11 We suggest that unless such measures
12 are adopted that Dosco will mine only enough
13 coal to fill its own needs in the Sydney Steel
14 plant and enough to fill pressing orders and
15 demand, not requiring the expenditure of
16 funds for advertising or distribution
17 facilities, and will continue to cry "Poor
18 Mouth" as their own Public Relations Manager
19 Mr.C.A.Patterson is alleged to have said
20 as reported in a Canadian Press dispatch,
21 dated at Halifax, February 1960, "Labour and
22 Industry in the Maritimes have cried 'Poor
23 Mouth' so long, that other Canadians are
24 doubting whether aid to this area is
25 warranted." Mr. Patterson told the Nova
26 Scotia branch of the Canadian Manufacturers
27 Association that the economic problems of
28 the area could be attributed in some degree
29 to this situation. He said the area had made
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2 almost every public relations mistake in
3 the book. It is our opinion that they will
4 continue to try and embarrass the Government
5 to pay them grants in aid, and will continue
6 to curtail the working time of their labour
7 force at stated intervals in order to use
8 the Unemployment Insurance Fund as a capital
9 asset to the detriment of every unemployed
10 worker in Canada, for whose benefit the
11 Unemployment Insurance Fund was created by
12 Government to meet the problem of real
13 unemployment.

14 2. Every home owned in the Maritimes
15 is a potential market for coal. This must
16 be cultivated to keep it available due to
17 competition from companies really engaged in
18 marketing fuel. The oil companies advertise
19 their products, inform their prospective
20 customers, make equipment available to them
21 to use oil or to convert to oil, and keep a
22 plentiful supply of oil available for sale.
23 The people at the present time, even in the mining
24 towns of New Waterford and Glace Bay, are not
25 informed as to the proper way to use coal
26 as a fuel; modern stokers are presently
27 available but there is no attempt to
28 popularize their use and no service provided
29 the owner when it is installed either in keeping
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3 it in working order or in keeping it
4 supplied with stoker coal.

5 THE CHAIRMAN : Why wouldn't that be
6 sufficiently evident to the people of New Waterford,
7 that they should use coal?

8 MR. FERGUSON: Your Honour, if coal and oil
9 are in competition --

10 THE CHAIRMAN: I know they are, but are the
11 people in New Waterford interested in oil?

12 MR. FERGUSON: Certainly.

13 THE CHAIRMAN: Do they use oil?

14 MR. FERGUSON: A number of them do, your Honour.

15 THE CHAIRMAN: Why? Possibly they use it
16 because it is more convenient?

17 MR. FERGUSON: Certainly, and there are
18 other people, thousands of them, all over the world
19 doing it.

20 THE CHAIRMAN: That is what I contend. If
21 the company took some steps to inform the people
22 that the use of coal is actually a more economical
23 way of heating a house, and even if people think
24 of oil as cleaner than coal, that is not borne out
25 by Mr. Gordon himself, who tells us that the
26 Dosco down-draught furnace was cleaner with coal.

27 Why do you have to educate these people who
28 live with coal?

29 MR. FERGUSON: You have to educate any
30 person, your Honour.



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2 THE CHAIRMAN: You do not have to educate
3 surely people whose whole lives are associated with
4 coal?

5 MR. FERGUSON: Some of them don't seem
6 to understand.

7 THE CHAIRMAN: I should say that it ought to
8 be the work of the leaders of the community.

9 MR. FERGUSON: Possibly, Your Honour. These
10 are merely suggestions.

11 THE CHAIRMAN: I know they are, but I do
12 like to see suggestions have some basis in common
13 sense. Do you mean to say that any company should
14 undertake a process of educating people in a coal
15 district of how to use and the desirability of using
16 coal?

17 MR. FERGUSON: Your Honour, I believe that
18 we do. I think that the company owes its duty to
19 its own prosperity to do so. You take myself, I
20 don't consider myself an uneducated man. I am a
21 University Graduate and up until this year I didn't
22 know whether or not coal was more economical than
23 oil.

24 This year I installed a coal stoker and I
25 haven't been able to get fuel for it. I haven't
26 been able to find anybody to tell me how to run the
27 machine. I paid \$530. for it and it's a continual
28 source of nuisance to me to the point that even as
29 counsel of the town, the mining town of New Waterford
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2 I would contemplate turning to oil. It is
3 ridiculous.

4 THE CHAIRMAN: To stress the economic aspects
5 of it. How much would you pay for coal?

6 MR. FERGUSON: I pay \$15.30 delivered for
7 two thousand pounds.

8 THE CHAIRMAN: Have you made any attempt
9 to find out how that would compare with oil?

10 MR. FERGUSON: I guess I was too patriotic
11 to do so. I understood that there was a slight
12 difference in price but the difference would be made
13 up by convenience. Now I don't know the actual amount
14 because I didn't make inquiries because I wasn't going
15 to use oil in any event, no matter what it cost.

16 THE CHAIRMAN: I think if I was living in
17 New Waterford I would do the same thing. As far
18 as the inability of operating this stoker, what
19 about the man who sold it to you?

20 MR. FERGUSON: I bought it in Montreal, your
21 Honour. I couldn't find an agent locally that was
22 handling them. I had to write to Montreal. They
23 shipped it into me f.o.b. I had to pay the freight
24 on it. They agreed to supply me with three units,
25 the aquastat, the thermostat, the timer. I found
26 out that was in addition to the price quoted.
27 They were supposed to deliver me one hundred pounds
28 of cement to install it, which did not arrive. I
29 had to find a plumber who claimed he had installed
30



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2 stokers before. I paid him \$25. to put it in
3 and he used the wrong kind of cement. It was a
4 matter of two weeks when the air was coming
5 through the opening of the stoker; good clean smoke
6 coming out through the house.

7 THE CHAIRMAN: You have had some difficulties
8 because I rather prefer the use of a shovel. I
9 can understand your difficulty, but generally speaking
10 now people of New Waterford would not install stokers
11 surely for the domestic purpose? When I was
12 brought up everybody used coal, but nobody dreamt
13 of a stoker in a private establishment. Good
14 exercise to shovel the coal and take out the
15 ashes.

16 MR. FERGUSON: That's the point I was making
17 a few minutes ago. You asked why the people had to
18 be educated. They don't realize -- now you show
19 yourself that you don't realize that if you burn coal
20 in a furnace fired manually, it is more expensive to
21 do so than to use a stoker.

22 THE CHAIRMAN: Slightly, yes.

23 MR. FERGUSON: Not only slightly, but
24 substantially.

25 THE CHAIRMAN: Well maybe. That is what
26 they tell me; a more uniform burning of coal is
27 excellent, but I know a great many people who prefer
28 to do their own firing because it is cheaper.

29 MR. FERGUSON: That is right.
30



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2 In New Waterford and Glace Bay during this
3 past year persons with Stokers have had to
4 fire their furnaces manually because the
5 coal company did not have stoker coal for
6 sale available for immediate delivery to their
7 customers.

8
9 (b) The steps that can reasonably be taken
10 to reduce the cost of production
11 of coal in the various coal producing
12 areas of Canada and the costs of its
13 distribution to Canadian markets.

14 1. We suggest that new mines be
15 opened with new modern equipment. An ideal
16 location for the first new mine would be
17 in the Lingan area of Cape Breton. Dosco
18 is in possession of all necessary detail in
19 regard to this location and it is believed
20 locally that the only obstacle to the
21 immediate opening of a new mine at this
22 site is our inability to market our coal in
23 our own Canadian markets.

24 I believe, your Honour, that that was covered by
25 the Dominion Coal in their brief.

26 2. There is an old expression in this area
27 which says "There are too many red lamps in
28 the pits." It is felt by many that the
29 official staff of the mines far exceeds
30



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2 the number necessary for economic production.
3 A reorganization of the working staff and
4 job classification could mean more
5 efficient operation and cut costs of
6 production.

7 3. A profit sharing plan whereby the
8 workmen would receive a bonus for money saved
9 the Company in any of its departments could
10 pay off. It has worked in other industries
11 and could work in the Coal Industry.

12 (c) The steps that the Canadian coal
13 producing industry can take to secure
14 as large a market as possible for
15 Canadian coal and to place and maintain
16 the industry on an economic basis.

17
18 1. Repeat Clauses 1,2 and 3 of (b) above.

19 2. Dissociate themselves with the United
20 States of America coal production and
21 distribution companies and set to work
22 to develop a National Canadian Industry
23 for the benefit of Canada as a whole.

24 3. Advertise their products and set up
25 modern facilities to distribute them, and
26 service their customers. Assist the
27 Government in welfare plans and use their
28 best offices to attract new industry to the
29 various areas where they operate.
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2 4. To contribute to and endeavour to
3 establish trade schools in the areas in which
4 they operate, thereby training their
5 workers which would be a major factor
6 in maintaining the Industry on an economic
7 basis.

8
9 (d) The measures that can reasonably be
10 adopted by Governments to support the
11 economic production, distribution
12 and sale of Canadian Coal.

13
14 1.a. The Government could pass Legislation
15 giving the coal industry the same measure of
16 protection presently enjoyed by the motor car
17 industry, the T.V., Radio and Electrical
18 Appliance Industry, etc. and the Legislation
19 could take the form of Compulsory dissociation
20 of the Canadian Steel and Coal Industries with
21 foreign coal industry; or

22 b. Tariffs and excise; or

23 c. A National Coal Marketing Board, or
24 include these powers in the present power
25 of an existing Board, with instructions that
26 the entire Canadian coal output be sold each
27 year before foreign coal be marketed.

28 In this case controllers should be placed in
29 a supervisory capacity to ensure that the
30



1
2 production and working time of Canadian
3 coal mines were not being controlled and
4 curtailed by foreign capital interests.

5 d. The Legislation could set a freight
6 rate independent of existing rates for the
7 transportation of coal. The rate not to be
8 subject to increases. This legislation would
9 be justified on the basis that coal would be
10 transported to market on a loss leader basis
11 in view of the fact that the money lost in
12 freight rates would be regained in personal
13 taxes and the flow of goods to be
14 transported from the West and the East over
15 the railways, not subject to the set rate,
16 would increase due to the increased ability
17 of Canadians in both the West and the East to
18 buy products manufactured and grown in
19 Central Canada. This would stimulate
20 the industry of Ontario and Quebec, and help to
21 build up a Central Canadian prosperity, while the
22 Canadian money spent for foreign American coal is
23 being spent in the U.S. and building up
24 American Industry and Communities.

25 e. A continuation of the present policy
26 of subventions to allow Canadian coal to
27 compete with American coal in Central Canada.
28 This, of course, would mean that American
29 Capital and their counterparts in Canada
30



1
2 would find Western and Eastern coal inferior
3 and impure and unwanted in competition
4 with their own product.

5 f. If the Legislation took the form suggested
6 in c,d and e, the same controllers would apply
7 to d and e, as was suggested in c, while the
8 Legislation could take the form of a
9 combination of c,d and e with controllers in
10 the industry.

11 2. The Government could subsidize the
12 opening of new mines with modern efficient
13 equipment to replace worked-out, inefficient
14 mines.

15 3. The Government could establish and
16 set up trade and vocational schools to train
17 the workers to a more efficient operation of
18 the Industry.

19 4. The Government could endeavour to
20 attract new secondary industry to the coal
21 mining areas, more particularly industry
22 arising out of the use of coal and steel,
23 such as Nylon, Drugs, Paving, etc.

24 5. The Government could, by research,
25 find more efficient methods of using
26 coal as a fuel and make the information
27 available to all prospective coal users.

28 6. The Government could adopt a Canada
29 First Policy in regard to the whole coal
30



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2 Industry and if they did, and used the same
3 diligence, perseverance and application as
4 they have used in the past in other Canadian
5 industries, there would be no coal problem
6 in Western or Eastern Canada.

7 (e) Such other related matters as the
8 Commission considers appropriate in
9 reporting on those specified above.

10 It is suggested that this Commission
11 recommend that before any individual is appointed
12 to any Government Board having to do with the
13 Coal Industry that that person's background be
14 investigated to ensure that he or she has no personal
15 or other interests which would conflict with
16 the interests of the Canadian Coal Industry. It is
17 suggested that the members of all presently existing
18 Boards be subject to such an investigation and
19 where any member is found to have interest in a
20 foreign coal industry, that his or her resignation
21 and retirement from the said Board be demanded
22 forthwith.

23 The above and foregoing brief was duly
24 authorized to be presented to the Honourable Ivan
25 Cleveland Rand, Royal Commission on Coal, on behalf
26 of the Town of New Waterford, N.S.
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2 THE CHAIRMAN: Well now, just one thing I
3 would like to mention, and that is you seem to
4 oppose any communication on a matter of this sort
5 with the American interests, but you remember that
6 is a two-sided matter.

7 MR. FERGUSON: That is right, your Honour.

8 THE CHAIRMAN: When the American Government
9 was proposing to put a quota, apply a quota system
10 on Canadian oil we protested most vigorously.
11 Would you have both these protests cut out, or just
12 one?

13 MR. FERGUSON: Your Honour, as I say, this
14 brief was merely a matter of suggestions. Now,
15 since the Dominion Coal Company's brief was presented,
16 and the U.M.W. brief was presented, we have received
17 more information and it has changed ---

18 THE CHAIRMAN: But remember part of the U.M.W.
19 brief was written in Washington.

20 MR. FERGUSON: Yes.

21 THE CHAIRMAN: Has that any significance
22 to international relations?

23 MR. FERGUSON: Well you see, the brief that
24 was -- the company brief was?

25 THE CHAIRMAN: No, the U.M.W. brief.

26 MR. FERGUSON: You see, the U.M.W. brief
27 wouldn't be concerned with that question.

28 THE CHAIRMAN: I am only suggesting to you
29 that there are such things as international relations.
30



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2 MR. FERGUSON: Yes. We are all for that.

3 THE CHAIRMAN: We cannot say we will have no
4 truck or trade with American coal, and then endeavour
5 to say we will have trade and truck with the
6 Canadian oil.

7 MR. FERGUSON: But you see, we are concerned
8 with the coal industry.

9 THE CHAIRMAN: I know, and somebody in Alberta
10 is concerned with the oil.

11 MR. FERGUSON: That is right, but we maintain
12 that our mines should not be closed while there is
13 American coal being imported into this country
14 and if it is a matter of tariff ----

15 THE CHAIRMAN: The Alberta Oil production
16 is at 40 per cent, due to the fact that we are
17 importing so much foreign crude oil.

18 MR. FERGUSON: Your Honour, could I read
19 from an excerpt of the Wednesday, March 16th, 1960
20 edition of the Cape Breton Post? Here it says
21 that:

22 "For many years Canada has been
23 dependent upon the United States for
24 coal supplies in growing amounts up
25 to the past two or three years. This
26 policy of allowing almost unrestricted
27 entry to American fuel has, in our
28 opinion, stifled the development and
29 expansion of a great Canadian in-
30 dustry and, if continued, will wipe



1
2 it out of existence. The two Duncan
3 Commissions of the 1920's and 30's
4 recognized this danger as long as 35
5 years ago, and recommended a national
6 coal policy.

7 The Carroll Commission of a later
8 date made the same recommendation
9 unreservedly. The reports of both
10 commissions stressed the use of sub-
11 ventions in carrying out this policy.
12 But while both federal governments,
13 one Conservative and one Liberal,
14 accepted the commission reports, and
15 recognized the national policy in prin-
16 ciple, they both failed to put it into
17 practice. Subventions were granted
18 to assist transportation of coal to some
19 central Canadian markets, but at no
20 time were they adequate. At no time
21 did they enable Canadian coal to com-
22 pete with American fuel in Canada's
23 largest market. Both governments in-
24 deed imposed a tariff duty on Ameri-
25 can coal entering Canada, but more
26 with an eye to revenue than to the
27 ailing Canadian coal industry. In-
28 deed, it is more than probable that
29 the revenue from the American coal
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2 Tariff, now 50 cents a ton, in the past
3 thirty years has far exceeded what
4 has been paid out by the federal
5 government in coal subventions.

6 Canadians have paid, and are still
7 paying, a great deal more to assist
8 the wheat industry, the auto industry,
9 and the dairy farmers, than they will
10 ever have to in order to put the coal
11 industry on a sound footing. Subven-
12 tions, to be effective, must be
13 adequate."

14 THE CHAIRMAN: I am really not interested
15 in editorials because you can get an editorial from
16 any point of view you desire.

17 MR. FERGUSON: That is right, your Honour
18 and that is all we can do is offer suggestions.
19 We have to leave it in your own hands.

20 THE CHAIRMAN: Thank you. Are there any
21 questions? (no questions)

22 MR. ELLIS: I would now like to call upon
23 Mr. A. Bruce McDonald, who will present a brief
24 on behalf of the Cape Breton Island Industrial
25 Development Council. This brief becomes
26 Exhibit number 30.
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SUBMISSION

on behalf of

THE CAPE BRETON ISLAND INDUSTRIAL DEVELOPMENT

COUNCIL

APPEARANCES:

MR. A. BRUCE McDONALD.

Mr. Justice Rand, the Cape Breton Island Industrial Development Council begs leave to submit the following brief to the Royal Commission on the Coal Industry. No doubt, in the course of the hearings of your Commission you will hear briefs dealing with the background of the coal industry from the standpoint of the industry as an operating unit, its costs of production, its marketing problems and its various other aspects in order to get a broad picture of the industry as a whole. Many of these submissions will contain statistics to illustrate the various points and I am sure that they will give a completely documented description of these phases of the industry. Those making these submissions, I know, have greater access to this statistical data than our Council has and, consequently, we do not wish to include it in our brief except in a minor way to illustrate points.



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2 The Cape Breton Island Industrial Development
3 Council was formed in 1959 with the aims of
4 maintaining and extending existing industrial
5 installations and the encouragement of the
6 establishment of new industries in Cape Breton
7 Island. In line with this purpose the Council is
8 vitally interested in the present and future
9 position of the coal industry in Cape Breton Island
10 and in the Maritimes generally.

11 The basic thing which is concerning the
12 people of Cape Breton and Nova Scotia is the effect
13 which a major disruption in the coal industry will
14 have on the economy of the area and, consequently,
15 on the provincial and national economies. Some
16 people, using cold, hard business logic in the
17 present situation, will say of the coal-mining
18 communities: "They must face facts. They must
19 take the economic situation as it is now and
20 suffer it out." A very trite pronouncement
21 which can perhaps be followed out in the case of
22 the closing of a corner candy store but, when it
23 pertains to an industry which injects in excess
24 of twenty million dollars in wages into the
25 business veins of the Maritimes each year, it cannot
26 be dismissed so lightly.

27 The coal industry at the present time is in the
28 position where it is being squeezed out of certain of
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2 its traditional markets by natural gas. This product
3 has only been made available in the areas concerned
4 because of a very heavy federal government assistance
5 both in the form of loans and in actually building
6 the less profitable link in the transmission
7 lines required. We do not wish to stand in the
8 way of progress, but we question whether it is in
9 the national interest for the federal government
10 to go out of its way to finance expansion of an
11 industry in one section of the country which will
12 prosper only at the expense of an industry in
13 another section, without taking steps to ensure that
14 no major disruption occurs in the producing area so
15 affected.

16 The natural gas competition is one difficulty
17 presently facing the coal industry. Surplus hydro-
18 electric power in other sections is an additional
19 competitive source of energy which the coal industry
20 is finding it impossible to combat. However, we
21 are reliably told that this surplus hydro position
22 has somewhat of a temporary nature which will change in
23 the not too distant future and coal as a
24 producer of energy in the power and industrial
25 field will again be in great demand. It is also felt
26 that the hydro resources in Ontario have nearly
27 reached the limit of their generating capacity and
28 future power production installations will be
29 of a thermal nature for which coal, particularly
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2 Cape Breton coal, is very well suited.

3 Having regard to the fact that the present
4 reduced demand for coal is indicated to be of a
5 somewhat temporary nature, it would appear then
6 that certain measures should be taken which would
7 allow the coal industry to remain intact, if
8 possible, in order that the energy resources of the
9 country would be immediately available to satisfy
10 the future demands that will occur, rather than
11 letting parts of it deteriorate due to closure
12 and disuse.

13 This situation is neither unique nor new
14 among industries in this country or, indeed,
15 in other parts of the world. This same situation
16 existed in ancient Egypt, as illustrated in the
17 Bible by the story of Joseph of the multi-coloured
18 coat, when the large crops of the high-production
19 years were stored against the time when the
20 production would not be as great or the demand
21 would be much greater. As a matter of fact, this
22 same situation existed in connection with the
23 Canadian wheat industry not too many years ago and,
24 if very strong and realistic steps had not been
25 taken at that time at the national level, the
26 wheat industry in Canada would not occupy the
27 position it does today. At that time the
28 Wheat Board was set up and the marketing and control
29 of this very important national resource
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2 was entrusted to this Board. It has since proved
3 its worth in the fact that the wheat areas of the
4 Prairie Provinces are prosperous and their
5 economy has been stabilized. There are a great
6 many opinions as to the logic of the way in which
7 this wheat industry is operated sometimes but,
8 nevertheless, it is making a very real contribution
9 to the national economy and, if unusual
10 measures are or have been used, then I believe they
11 have proved their worth. In saying this, I am
12 not referring to the Crow's Nest Pass
13 transportation agreements. But, of course, that is
14 another Commission. Nevertheless, the approach
15 which was taken to the wheat industry brought order
16 out of chaos and I believe it will be proved in the
17 long run to have been a good thing.

18 It was felt, Mr. Chairman, when the new
19 Energy Board was formed in connection with energy
20 resources in Canada that it would take in energy
21 in all its various forms. However, the government
22 decided in its wisdom to exclude from this energy
23 group the coal resources and operations and,
24 consequently, you are sitting as a separate
25 Commission enquiring into this industry. We
26 know, Mr. Chairman, that the work which this
27 Commission will do will be a very useful and
28 important one having regard to previous tasks which
29 you have undertaken, and we hope that the investigations
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2 of the background of the other energy-producing
3 industries will be completed as quickly as possible.
4 As soon as the national energy position has been
5 clearly defined, I believe we must recognize that
6 if Canada is to use her energy-producing natural
7 resources to the full in an organized and beneficial
8 manner, all forms of energy and energy-producing
9 materials should be considered together in
10 relationship to one another and in the light of
11 the importance which they play in the national
12 economy, and a comprehensive national energy
13 plan adopted. Then, Mr. Chairman, we should not
14 have the spectacle before us of one energy
15 producing natural resource being pitted against
16 another and the assistance of unnatural and large
17 contributions from public funds being used to
18 cripple a section of the national economy which
19 has made great contributions to the nation over a long
20 period of time, often under very trying conditions.

21 It has been mentioned above that the
22 indications are that the present reduced market
23 position of the coal industry is a temporary one.
24 The predictions which are being made at the
25 present time by economists indicate that the
26 industrial growth of Canada over the next few
27 decades will be phenomenal and will require larger
28 and larger supplies of energy to keep this
29 industrialization moving. If the present
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2 "Roads to Resources" program being carried out by
3 the federal government achieves its aims, vast
4 quantities of energy will be required to fully
5 exploit these newly-discovered resources if they
6 are to result in a large expansion of the national
7 economy which, according to the predictions made
8 at the national level, will take place.

9 New developments in transportation of coal,
10 which may take two years or more to reach the
11 operational stage, should mean that markets which
12 were previously not able to be serviced by some coal
13 producers will be available to help correct the
14 situation. New types of self-unloading water
15 transports, specifically designed for use
16 in transporting coal to St. Lawrence ports which
17 haven't proper unloading facilities, should allow coal
18 to compete in these areas in the foreseeable future.
19 In view of this, then, it would appear that
20 measures should be taken to ensure that the industry
21 is maintained to its maximum possible and
22 practical level. They should be of a national
23 character and should have the national interest as
24 well as the welfare of the communities concerned
25 as their main theme.

26 Much has been said, Mr. Chairman, of the
27 very great assistance which has been given to the
28 Maritime coal industry over the years. Comparatively
29 speaking, Mr. Chairman, the idea that disproportionate
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2 payments have been made to maintain this industry
3 is completely false according to the facts.
4 One reason that this idea has grown up is the
5 fact that the payments made to assist in the
6 movement of coal are easily calculated because
7 it is done on the basis of an amount per ton
8 shipped and it is a matter of simple arithmetic
9 to multiply the allowance given by the tons
10 shipped to arrive at the total. This is in direct
11 contrast to the Crow's Nest Pass rates on grain,
12 the tariff structure on automobiles, the
13 competitive advantage given to gas companies by
14 means of government financing and the assistance
15 given on freight movements in the Central Provinces
16 due to the construction of the St. Lawrence Seaway
17 with public funds.

18 The fact is, Mr. Chairman, that,
19 according to the figures which were given to me by the
20 Chairman of the Royal Commission on Transportation,
21 in eight of the past sixteen years freight
22 assistance paid on feed grain shipped to the Maritimes
23 exceeded subventions on coal moving out of the
24 Maritimes; and in two years the grain subventions
25 amounted to ten times those paid on coal
26 movements. In the past sixteen years the total
27 subventions paid on the movement of coal from the
28 Maritimes to the central Canadian markets was
29 Sixty-Five Million Dollars. The total grain
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2 subventions paid on grain shipments into the
3 Maritimes in that same sixteen-year period amounted
4 to Fifty-One Million Dollars. It may be argued
5 that the feed-grain freight assistance was a good
6 thing for the economy of the Maritime Provinces.
7 We do not question that at all, Mr. Chairman.

8 THE CHAIRMAN: I was wondering who asked
9 for it?

10 MR. McDONALD: Pardon?

11 THE CHAIRMAN: Which party asked for the
12 lower rates?

13 MR. McDONALD: I am afraid I couldn't tell
14 you that, Mr. Commissioner.

15 THE CHAIRMAN: I may be wrong but my
16 recollection was that there was at least equal
17 demand on the part of the East to get that feed.

18 MR. McDONALD: That is quite possible.
19 Quite possible.

20 But it could be that, if this type of
21 freight assistance had not been paid on
22 Canadian feed grain shipped into this part of the
23 country, the grain industry would have been dealt a
24 very crippling blow due to the fact that this
25 grain perhaps could have been purchased at a cheaper
26 price from outside the country and shipped into
27 this area by low-cost water transportation. But,
28 Mr. Chairman, it was found to be in the national
29 interest that this freight assistance be paid on
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2 feed grain to help in marketing it in the
3 interests of the stabilization of this phase of
4 the national economy. I believe it can be
5 shown, Mr. Chairman, that comparatively speaking the
6 coal industry even in this comparatively small
7 grain-consuming section of our nation, rather than being
8 given disproportionate transportation subventions,
9 actually did not receive as much consideration
10 as the grain industry. We are told that we
11 should be working towards complete elimination of
12 subsidies and subventions. Only, Mr. Chairman,
13 when transportation charges are equalized similar
14 to our postal rates can this be achieved in a nation
15 as artificially constituted as Canada is.
16 We believe, Mr. Chairman, that when any great
17 industry such as the coal industry finds that the
18 only requirement necessary to keep it on a sound
19 and stable basis is a comparatively small
20 contribution from federal funds, then these funds
21 should be forthcoming, not as grudging assistance
22 of the welfare category but as a sound business
23 proposition for the good of the nation.
24 Consequently we feel that any increase in subventions
25 which will help to further stabilize this industry
26 should be forthcoming without any quibbling
27 whatsoever on the part of federal authorities.

28 Indeed, Mr. Chairman, there comes a time when
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2 such federal action is a particularly good
3 investment. Is it not better to invest a small
4 amount of money to keep an industry healthy and keep
5 employment at a high level rather than withhold it
6 and have the industry deteriorate? The return in
7 income tax, both personal and corporate, alone would go
8 a long way to offset any appropriation of federal
9 funds for this purpose and the effect which the
10 income of the workers of this industry has on the
11 service businesses and their position in the area
12 which serve them multiplies the return which the
13 government obtains. Also, the elimination of the
14 necessity of an additional drain on the Unemployment
15 Insurance Funds is a big factor to be considered.
16 Added to this is the elimination of the extra
17 burdens which are placed on certain members of the
18 working force of the industry, such as the older
19 groups who have worked in this industry for the
20 greater part of their lives, know no other skill
21 and are, generally speaking, not able to be easily
22 absorbed in other jobs or industries.

23 This large coal industry, as well as making
24 a direct contribution to the economy of Cape
25 Breton, Nova Scotia and the Maritimes as a whole
26 through the wages of its employees, also makes a great
27 contribution through the other industries which
28 transport its goods, such as the railways and the
29 shipping industries, and also the many suppliers
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2 which provide it with goods and services. Not
3 the least of these is the industry concerned with
4 manufacturing the coal cars in which the product is
5 transported. Curtailed activities in the coal
6 industry could make a very real difference in the
7 volume of operations of our railways and shipping
8 operators with the attendant detrimental effect
9 on the employment situation in these service
10 industries.

11 So far, Mr. Chairman, this brief has had a
12 rather negative approach but that is not the end of
13 the story. We feel that this situation is one which
14 the ingenuity, resourcefulness and common sense
15 of the Canadian mind can solve without too much
16 difficulty if a logical and realistic approach is
17 taken to it. There may be many factors involved to
18 reach the final best approach to the coal industry
19 and its position in the nation, but we would like
20 to suggest that the following would make a great
21 contribution to this ultimate solution:

22 Firstly, immediate examination of the total
23 energy resources of Canada to be followed by the
24 evolving of a national policy on the use of Canada's
25 natural resources for energy purposes, and the
26 establishment of a Board to properly develop and
27 and administer these resources in order that the
28 country may obtain the maximum benefit from them.
29 In the meantime, maintain the coal industry at its
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2 present rate of production even if it is necessary for
3 the national government to apply the same
4 marketing measures to protect the Maritime economy
5 that it has used to maintain the Western farmer
6 in his present prosperous condition.

7 Secondly, making provision within this
8 Energy Board for a marketing agency for coal which
9 can operate much in the same manner as the
10 present Wheat Board. At the present time the
11 activities of the Wheat Board, assisted to a
12 tremendous extent by the Federal government,
13 are able to smooth out the humps and hollows which
14 from time to time occur in the marketing of grain,
15 even to the extent of advancing payments to the
16 producers up to at the present time, I believe, a
17 total of two full years' production in order to
18 keep the industry on a stable basis.

19 THE CHAIRMAN: You mean total payment?

20 MR. McDONALD: Pardon?

21 THE CHAIRMAN: Total payments for grain.

22 I don't quite understand what that sentence means.

23 MR. McDONALD: The reference to two full
24 years' production?

25 THE CHAIRMAN: Yes.

26 MR. McDONALD: I believe, Mr. Chairman,
27 that the present advances to the wheat industry has
28 reached the total which approximates two full years'
29 production of wheat.
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2 THE CHAIRMAN: You mean two full years'
3 returns?

4 MR. McDONALD: I believe that is correct.
5 That has been quoted on many occasions.

6 THE CHAIRMAN: They do not give the final
7 returns until all the wheat for one year has all
8 been disposed of. They make certain advances
9 when the grain is sold, and it may be substantial,
10 but certainly they do not give final returns.

11 MR. McDONALD: Possibly not final returns.
12 This statement is based on statements which have been
13 made from time to time indicating that advances
14 to the industry approximate two full years' production.
15 If I am in error on that, Mr. Chairman, I will
16 endeavour to - - -

17 THE CHAIRMAN: There is no doubt, Mr. McDonald,
18 that they do, because they in effect buy the grain.

19 MR. McDONALD: That is my point.

20 THE CHAIRMAN: But they do not know what they
21 are going to get ultimately, and the whole purpose
22 is to equalize the return to the wheat farmer.

23 MR. McDONALD: I realize that. I have
24 inserted this in the brief to indicate the conditions
25 which exist in other industries due to Government
26 intervention.

27 THE CHAIRMAN: That is quite proper and very
28 pertinent.

29 MR. McDONALD: I am wondering at the same
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2 time what conditions the present coal industry
3 would be in if they had two full years' sales advanced
4 to them in the same way.

5 These advances have been made in the
6 realization or, at least, the hope that the
7 wheat surpluses so accumulated will be disposed
8 of at some future time. In the meantime, the
9 national interest requires that the federal govern-
10 ment undergird the industry to the extent of
11 approximately two full years' production.

12 If you wish, Mr. Chairman, I will follow
13 that through a little farther and get some actual
14 figures?

15 THE CHAIRMAN: All right.

16 Thirdly, that very strong consideration be
17 given at the national level to finding a means
18 whereby surplus coal may be given to under-
19 developed countries as part of Canada's contribution
20 under the Colombo Plan. Although I am not in a
21 position to name them, I am sure that there are
22 some of the under-developed nations which
23 require coal in their operations and this could be a
24 very good source of new markets for the
25 Canadian coal industry. Recent success of the
26 Western coal producers in finding new markets
27 in Japan would indicate that all foreign markets
28 have not been satisfied in spite of surpluses
29 of coal in certain other foreign countries.
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2 The Colombo Plan purchases by the federal
3 government have been a tremendous help to the wheat
4 industry as I believe during this past year
5 approximately Thirty Five Million Dollars worth
6 of wheat was purchased by the federal government and
7 sent to some of the under-developed countries.
8 Certainly, if the coal industry was able to
9 market through this medium even a portion of
10 this great federal government contribution to the
11 wheat sales picture, then we would have no coal
12 market problem at all in the Nova Scotia coalfields.
13 Also, these foreign markets are natural ones for
14 this area because of our geographical position on the
15 sea lanes of the world.

16 Fourthly, a realistic view at the
17 national level should be taken to the position of
18 the industries presently located in Cape Breton
19 Island and encouragement should be given to industry
20 to locate in our area. We are presently faced
21 with a situation in the Sydney steel mills where
22 the excessive rail-freight charges on certain
23 finished steel products make expansion of the
24 present plant to the status of a finished steel
25 operation questionable, according to the members
26 of the Corporation charged with the responsibility
27 of making these decisions. Real encouragement
28 in the form of greatly reduced freight tariffs on
29 finished steel products could result in an
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2 expansion of the present steel-making facilities
3 which would also result in very much increased
4 coal consumption right in the area. If the
5 transportation costs of some other finished
6 products produced in this area were reduced
7 to realistic levels, other industries could be
8 more easily induced to establish in this area.

9 Fifthly, one of the best methods of
10 alleviating the coal market problem, especially
11 in the Cape Breton area, would be increased
12 industrial development which would require power in
13 the form of electricity in some cases and in the
14 form of energy in another form in other cases. This
15 is a solution to the coal industry's present
16 position which we would very much like to see in our
17 area. One of the best developments of this nature
18 which could come to our area would be in the
19 nature of a base-metal refinery which would use the raw
20 materials available on the East Coast in New
21 Brunswick, Nova Scotia, Cape Breton Island and
22 Newfoundland, combined with the power-producing
23 potential contained in the Cape Breton coalfields
24 to begin an era of development in this Atlantic
25 region which would have far-reaching results on
26 the whole national economy. At present the only
27 refinery of this type in Canada is located in British
28 Columbia and all East-Coast ore must be rail-shipped
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2 across the nation to be processed, thus
3 making most base metal operations unfeasible under the
4 present market conditions. This would be double
5 barrelled national development, not the usual
6 "aid to the Maritimes".

7 If I may deviate for a moment, Mr. Chairman,
8 that has been a term which has been used to
9 designate any investment of funds in the Maritimes.
10 Investment of funds in other areas of Canada,
11 strangely enough, are termed investments in order
12 to promote national development. We have been tagged
13 with this particular expression, and I hope we won't
14 hear it used again in this Commission as it has
15 been used this morning.

16 Although the power rates presently in effect
17 in this area compare very favourably with those
18 in other parts of Canada and the United States,
19 further subsidies to power companies using coal,
20 similar to the present situation in Nova Scotia,
21 which result in credits on power costs to industries
22 which use this power, could be implemented from
23 a national level in order to encourage the
24 establishment of this type of industry in Cape
25 Breton.

26 There is a slight error. It should be
27 credits on power to industries using coal generated
28 by -- using power generated by coal, I am sorry.

29 This would mean a considerable market for
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2 coal right in the immediate area. Once again our
3 seacoast position would be a decided advantage
4 in assembling the raw materials and shipping the
5 finished product.

6 Sixthly, Cape Breton Island is very
7 strategically placed at the entrance to the St.
8 Lawrence Seaway and actually at the centre of a
9 network for distribution of manufactured products
10 with the channels extending up the Seaway,
11 down to the U.S. Atlantic ports, to Central and
12 South America and the West Indies, and across the
13 Atlantic to Europe, Africa and the Middle East as
14 well. Being a shipping area which has open
15 Winter ports, we are closer to these overseas
16 markets than any other Atlantic ports, and thus
17 strategically placed for use of the cheapest form
18 of transportation. An area of Cape Breton could
19 be set aside as an international free trade zone
20 into which materials could be brought duty-free,
21 manufactured into products of various types using
22 energy produced by local coal resources, and
23 shipped out to these various markets as mentioned
24 above from this central distribution point.
25 This could mean that the coal industry in the
26 Atlantic Provinces for the foreseeable future
27 could stand on its own feet as a thriving business,
28 continuing to provide a healthy economic climate
29 in the area.
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3 Seventhly, we would suggest that research
4 be carried out by the Federal Department of Mines
5 and Technical Surveys to ascertain if the present
6 mining operation being carried on by Dominion
7 Coal Company is making the best possible use of the
8 resources available in the area. We would also
9 suggest that the National Research Council be
10 requested to carry out a special research project
11 to ascertain the uses for which Cape Breton coal
12 is best suited and recommend further ways in
13 which it could be utilized in making derivatives
14 of a marketable nature.

15 Eighthly, Mr. Chairman, the coal industry in
16 Nova Scotia is so intertwined with the
17 whole economy of the Atlantic Provinces that a serious
18 disruption of the industry would result in a
19 difficult position for the whole area. For this
20 reason, Mr. Chairman, every effort should be made
21 at all levels of government to ensure that
22 the industry is kept on a very stable operating
23 basis. If unusual measures are required to
24 achieve this, then they should be taken. It has
25 previously been stated that the present market
26 position is acknowledged to be of a temporary
27 nature; consequently, any steps which are
28 taken will probably also be of a temporary nature
29 as well. Any measures which are taken, Mr.
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2 Chairman, will be an investment in one of the
3 finest parts of Canada with a very proud and noble
4 history. Whether the investment takes the
5 form of direct financial outlay or the
6 adoption of certain measures to develop this
7 part of the national economy to a greater extent,
8 we feel confident that the people of Canada will
9 look back on it as one of the best investments
10 that has been made since this Northern half of
11 the Continent became a nation.

12
13 THE CHAIRMAN: Just one thing I want
14 to speak about when you deal with the subject on
15 page 12 and 13 about the strategically placed
16 position. That was really one of the governing
17 features of the establishment of the steel
18 industry here.

19 MR. McDONALD: That is quite true, sir.

20 THE CHAIRMAN: Why didn't it succeed in
21 that particular purpose?

22 MR. McDONALD: In what particular
23 purpose?

24 THE CHAIRMAN: Becoming an international
25 productive agency?

26 MR. McDONALD: I believe, Mr. Chairman,
27 that until the advent of the War, that it depended
28 very heavily on the export market, that is, World
29 War II, and World War II came along ----
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2 THE CHAIRMAN: World War II?

3 MR. McDONALD: Yes, World War II.

4 THE CHAIRMAN: Do you think its international
5 business was what was expected up to 1940 and in
6 1940?

7 MR. McDONALD: Do you mean the Depression
8 years?

9 THE CHAIRMAN: At the beginning of the
10 century they said, "Here is an industry. We will
11 establish it where we have easy access by means
12 of water to all ports around the Globe." Do you
13 think it ever succeeded in that objective?

14 MR. McDONALD: Mr. Chairman, ---

15 THE CHAIRMAN: I am just trying to find out
16 what were the economic factors or other factors that
17 frustrated that plan?

18 MR. McDONALD: I believe, Mr. Chairman, that
19 is quite a long story. I might say that in recent
20 years, the reason I mentioned World War II is
21 I think you will find that during that period and
22 up to comparatively recent years, one of the
23 biggest difficulties that stood in the way of
24 export trade, certainly to the United Kingdom in
25 this industry, was the exchange situation.

26 Certainly if we follow it through a little
27 further, I think you will find that somewhere in
28 the 1920's or somewhere along there, we saw the
29 advent of the auto industry in central Canada,
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2 and we had the steel industry growing up there.

3 THE CHAIRMAN: Then why do we have the
4 automobile industry in the central part of the
5 continent rather than on the Coasts?

6 MR. McDONALD: Principally, Mr. Chairman,
7 the reason is the population.

8 THE CHAIRMAN: Yes, but why haven't you the
9 population?

10 MR. McDONALD: That is quite a long story,
11 Mr. Chairman. I might develop that a little further
12 in this way: As applied to the Steel industry,
13 particularly, I think it is very well known, and
14 I think it can be shown by facts, that the major
15 steel industry in Central Canada, its prosperity
16 primarily depends upon the auto industry. Tracing
17 that back a little further, the prosperity of the
18 auto industry in Canada directly depends upon
19 the tariff situation, which again is a matter of
20 government policy.

21 THE CHAIRMAN: Is that a fact, that the
22 steel production in Ontario depends upon the
23 automobile? It may be, I do not know.

24 MR. McDONALD: We say, to a very large
25 extent. The reason I say that, Mr. Chairman, is
26 the way in which cut backs in the auto industry
27 directly affect the steel industry.

28 THE CHAIRMAN: Are not huge quantities
29 of automobile parts brought in here and assembled
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2 in Canada by, Ford, for instance? Doesn't Ford
3 bring in certain portions of the automobiles
4 manufactured in the United States?

5 MR. McDONALD: I think that is true, but I
6 think it is more in the specialized class of parts.
7 I believe the bulk, the bodies, consume the major
8 portion of steel in an automobile, and I believe
9 they are produced in Canada.

10 This export business, even to the West Indies,
11 is something which was only available to Canadian
12 industry within the past year when the exchange
13 regulations changed. We now have a chance to
14 get into this type of market, as well as the
15 United Kingdom market.

16 THE CHAIRMAN: I think a knowledge of
17 conditions, more than I am acquainted with, is
18 necessary to deal with this question.

19 Take the matter of coal. You speak of Japan,
20 that coal is going to be used for metalurgical
21 purposes, and it is because of certain qualities
22 and by certain prices which are subsidized by
23 the Dominion Government, that those contracts
24 can be made.

25 My information is, there are huge deposits
26 of coal in either Indonesia or Indo-China -- I
27 cannot say which -- but in that area, in the south-
28 east part of Asia, Australia, - Australia has
29 tremendous quantities of coal. Where could we
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2 ship our coal? We don't want to ship it to
3 the Equator..

4 MR. McDONALD: I had conversations with
5 the Japanese delegation to Canada on this very
6 subject recently. In discussing this very coal
7 situation, their coal industry situation is almost
8 identical to the Cape Breton coal situation,
9 whereby they produce certain types of coal in
10 quantity, but there are other types which they
11 don't have. That is why they are importing Alberta
12 coal. Our argument to them was that perhaps
13 Cape Breton coal is not perfect for metallurgical
14 purposes, but it is being used consistently in
15 an expanding industry for metallurgical purposes,
16 therefore there may be a place for it.

17 THE CHAIRMAN: We will continue this at
18 two-thirty.
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1 --- On resuming at 2:00 p.m.

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3 THE CHAIRMAN: Mr. MacDonald, there were just
4 one or two matters I wanted to mention, simply to
5 indicate that there are other aspects to them.

6 You speak of the Wheat Board. You say, that
7 was a board that was called for by the wheat producers,
8 and it involves equalization. Do you think that an
9 analogy is any more than superficial?

10 MR. MACDONALD: I inserted the term "Wheat
11 Board" there actually to indicate the type of marketing
12 set up and the type of assistance which was given to
13 the wheat industry.

14 THE CHAIRMAN: What assistance is given?

15 MR. MACDONALD: As I understand it, Mr.
16 Commissioner, the assistance that is given is in the
17 form of guaranteed marketing advances.

18 THE CHAIRMAN: Do you think there is
19 guaranteed marketing, because they take the wheat over
20 and make certain advances, and they are to sell it at
21 the best possible price, and they distribute what is
22 realized.

23 MR. MACDONALD: I realize that, Mr. Commissioner.
24 My impression of it is that the advances are made to the
25 industry. Then finally payments are made when the wheat
26 is disposed of, but in the meantime, is not the industry
27 supported by Government advances?

28 THE CHAIRMAN: I do not know. I suppose you
29 could call it in one sense an advance but it is simply
30 an installment on the purchase price. The grain is
theoretically sold to the Board.



1 MR. MACDONALD: That is what I mean.

2 THE CHAIRMAN: And certain advances are made
3 on that price, but it depends upon world competition
4 what price is received for it.

5 MR. MACDONALD: I realize that, too.

6 THE CHAIRMAN: Sometimes these analogies won't
7 bear close analysis.

8 MR. MACDONALD: My only point in putting it in,
9 was to indicate that in the wheat situation there is,
10 we will say, a marketing outlet at the National level.

11 THE CHAIRMAN: No, there is only a marketing
12 machinery of outlet.

13 MR. MACDONALD: Marketing machinery of outlet,
14 then, which the coal industry does not have.

15 THE CHAIRMAN: Do you think it would be
16 willing to have that, because remember this coal is
17 going to be sold in Canada, and it is going to be sold
18 under totally different projected production conditions.
19 You could not equalize the return from coal.

20 MR. MACDONALD: It would indicate that the
21 Wheat Board is concerned with the marketing of a very
22 basic Canadian commodity in the world markets.

23 THE CHAIRMAN: That is true.

24 MR. MACDONALD: Under centralized auspices, and
25 that is the type of thing --

26 THE CHAIRMAN: The production there is under
27 virtually identical conditions in the wheat producing
28 provinces. They are in the prairies. They have the same
29 geographical and climatic conditions, and they are raising
30 identical commodities, grain, and they are content to



1 have all of that grain realize the same price.

2 You could not possibly apply that to coal,
3 New Brunswick coal, Nova Scotia coal, Alberta, Saskat-
4 chewan, and British Columbia, they are all different.

5 MR. MACDONALD: I recognize that, too, Mr.
6 Commissioner but my point again in bringing it in is
7 if we had the same sort of centralized agency, it would
8 even be concerned with disposing of Canadian coal on
9 foreign markets in an organized manner, then I believe
10 the coal industry sales picture certainly in the export
11 market might be different.

12 THE CHAIRMAN: Do you think we have any
13 possibility of an export?

14 MR. MACDONALD: I really do.

15 THE CHAIRMAN: Where?

16 MR. MACDONALD: As the Japanese people put it,
17 it is a matter of quality and price.

18 THE CHAIRMAN: Do they want it for a special
19 purpose? Suppose it is four hundred thousand tons,
20 what do you suppose we are putting into the treasury
21 of Japan, just about two million dollars.

22 MR. MACDONALD: Isn't that the case, Mr.
23 Chairman, at least we can get a return on that. Drawing
24 that same approach, what do we get from the accelerated
25 contribution of Canada this year in the form of wheat
26 purchases which are given away?

27 THE CHAIRMAN: Yes, but that is on the basis
28 of international policy. We are living in a world and
29 we want to be able to live in peace, and we are buying
30 peace in one sense even although we have humanitarian



1 motives involved with it.

2 MR. MACDONALD: The point in mentioning the
3 Colombo plan is another suggestion. We suggest outlets
4 for coal be found through Colombo plan methods; in other
5 words if we are going to give something away to another
6 Country, let us make sure that there is no possibility
7 that part of what we are giving away cannot be coal.

8 THE CHAIRMAN: I suppose the first question
9 is, what country needs help? Primarily their need
10 is for food and industrial machines. What country would
11 need coal? There may be some. I do not say there are
12 none, but I would like to know where they are?

13 MR. MACDONALD: I am thinking, Mr. Chairman,
14 of countries which are just industrializing, for instance
15 India is in its first stages of industrialization of
16 steel.

17 THE CHAIRMAN: I do not know whether India
18 has coal or not, but I am given to understand that
19 India has tremendous resources. So has China.

20 MR. MACDONALD: Of metallurgical coal?

21 THE CHAIRMAN: Certainly.

22 MR. MACDONALD: As in any enquiry of this
23 type, I believe all avenues should be explored even
24 though it may lead to a blind alley.

25 THE CHAIRMAN: That is quite true. All I am
26 suggesting is, you have submitted a most readable
27 statement. The ordinary person reading that will
28 instantly jump to the conclusion that here the Governments
29 are falling down, and the industrial leaders are falling
30 down because they have not suggested this, and here is



1 an avenue, and I think we ought to pursue these
2 suggestions to some practical end and analyse them
3 sufficiently to be able to say whether they are
4 possibilities or mere imaginative possibilities.

5 MR. MACDONALD: I agree with you.

6 THE CHAIRMAN: I entirely agree with your
7 thought that these things are open to enquiries, and
8 I am sure they have been. I just remarked that the
9 suggestion that our energy be brought under general
10 administration is really at the back of the Energy
11 Board organization.

12 MR. MACDONALD: I believe so.

13 THE CHAIRMAN: That is the job they have.
14 You must admit you are suggesting that the Governments,
15 particularly the Federal Government will go down pretty
16 deeply into the body of the industry in this country.
17 Do you think that would be universally accepted?

18 MR. MACDONALD: I believe, Mr. Chairman, that
19 elsewhere in the brief I suggest that Canada is arti-
20 ficially and unrealistically constituted as a country.
21 I believe that.

22 That is, if we are going to apply ordinary
23 economic measures to the operation of the country, I
24 believe that is true. One big danger which I see at
25 the present time is this, that seven-eighths of the
26 industrial concentration of the country is in two
27 provinces in the centre, drawing more and more from
28 the fringes, until eventually we will have a country
29 which has perhaps one thousand miles of pastoral type
30 of country on one shore, heavy concentration, and then



1 miles of the same type of thing on the other side.

2 If we are going to develop homogeneously
3 as an industrialized nation, I think it has to be on
4 a national basis; otherwise this whirlpool action will
5 continue and we can see nothing more than continual
6 dropping off on the fringes and concentration on the
7 centre. I don't agree that is good for the country,
8 Mr. Chairman.

9 THE CHAIRMAN: You are certainly prepared
10 to deal very considerably with this notion of private
11 enterprise dynamic of the material life in any
12 community.

13 MR. MACDONALD: The reason I took that view,
14 Mr. Chairman, is that if -- and this is not bringing
15 up an old argument --

16 THE CHAIRMAN: I am not suggesting that is
17 improper at all.

18 MR. MACDONALD: If we were able to trade
19 north and south with the same facility that we can
20 trade east and west, then our situation would be
21 different, because we would be directly in line with
22 big markets.

23 THE CHAIRMAN: There is no doubt of that,
24 but we do have considerable trade north and south.

25 MR. MACDONALD: Yes, to a point.

26 THE CHAIRMAN: Isn't United States our best
27 customer in terms of quantity and money? Doesn't the
28 United States buy more than any other nation from us?

29 MR. MACDONALD: I believe that is true.

30 THE CHAIRMAN: Don't we buy more from the



1 United States than any other country?

2 MR. MACDONALD: I believe once you go across
3 the Quebec border that is not true; in other words
4 once again we have the concentration and the proximity
5 of the same markets below the border coming into the
6 picture.

7 THE CHAIRMAN: Well we do. We are steadily
8 increasing the export market to the United States from
9 the province of Quebec.

10 MR. MACDONALD: I realize that is true.

11 THE CHAIRMAN: Although you can describe it
12 as north and south, certainly there are markets from
13 Canada into the United States.

14 MR. MACDONALD: I realize that. I was not
15 speaking of north and south in terms of the rest of
16 Canada, but rather than in terms of the Atlantic region.



1 THE CHAIRMAN: Suppose we had free trade with
2 the United States, how would that benefit the American
3 problem?

4 MR. MACDONALD: That is something Mr. Chairman
5 that I could say yes to but it would be open to question
6 on because it is quite a complex subject.

7 THE CHAIRMAN: I think it would be. Well, we
8 all know those questions have two sides to them, two
9 or three or four sides.

10 MR. MACDONALD: Quite true.

11 THE CHAIRMAN: Are there any questions to
12 be put to Mr. MacDonald? If not, thank you Mr. MacDonald.

13 MR. ELLIS: I would like to call upon Mr.
14 E.J. Johnston who will submit a brief of behalf of the
15 Nova Scotia Federation of Labour. This brief will be
16 recorded as Exhibit No. 31.

17 ---EXHIBIT NO. 31 Submission on behalf of the Nova
18 Scotia Federation of Labour.

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SUBMISSION ON BEHALF OF THE NOVA SCOTIA
FEDERATION OF LABOUR AND CAPE BRETON
LABOUR COUNCIL

Appearances: Mr. E. J. Johnston

Mr. D. Lloyd, Pictou County.

MR. JOHNSTON: Mr. Commissioner because our brief will touch on the Pictou County Area, and not being familiar with the Pictou County Area I have with me Mr. Dan Lloyd here from the Pictou County Labour Council who will attempt to answer any questions that might be in that area.

We have, sir, the privilege of appearing here on behalf of the Nova Scotia Federation of Labour, affiliated with the Canadian Labour Congress. Our Federation is a group which represents the many thousands of working people in the Province of Nova Scotia who are part of those organizations which form the Canadian Labour Congress.

We would extend to the Government of Canada our appreciation for the appointment of an Inquiry into the Coal Industry in this section of Canada, and we would extend this appreciation further so that it would include those who have accepted responsibility in carrying out the extremely important work of conducting the Inquiry. We believe the setting up of the Inquiry and the broad terms of reference will not fail to produce recommendations which will serve not only the interests of those connected with the industry or employed in it, but the interests of our people as a whole.



1 Because of our close association with the
2 United Mine Workers of America over the years, we have
3 felt deep and increasing concern for the problems
4 confronting that organization and its membership in
5 matters with which it has had to deal. This concern
6 has been motivated not only by human consideration for
7 the problems of families connected directly with the
8 industry, but also because of more material reasons
9 affecting our membership, both as working people and as
10 citizens of this province.

11 As you are no doubt aware, the very existence
12 of a number of long and well established Nova Scotia
13 Communities, depends upon the continuation of coal
14 mine operations. Coal Mining, has long been the primary
15 industry of this province. Coal and Steel have been
16 the props upon which all other Industrial Activity is
17 based. Any matters which affect to a major extent, the
18 coal industry, or localized sections of it, must also
19 affect either the province as a whole, or large areas
20 of the Province. Because many of our industries are
21 affected by both the provincial economy and the
22 economy of certain areas, it is not necessary for us
23 to elaborate further that the problems of the coal
24 mining industry are the problems of the Province of
25 Nova Scotia, and the problems of the mineworkers are the
26 problems of all working people in the Province of Nova
27 Scotia. We have followed with great interest the many
28 suggestions made on behalf of the workers concerned in
29 this industry by the organization representing them, and
30 we have and do concur in these suggestions.



1 Representatives of our organizations who have
2 been present at conferences on the condition of the
3 coal industry in recent years have constantly proclaimed
4 that it would be wrong to regard marketing and production
5 difficulties as merely political, economic, or industrial
6 problems. They have said the major consideration to be
7 kept in mind when considering the plight of the coal
8 industry is that this is, more than anything else, a
9 social problem of great magnitude, dealing as it does
10 with the welfare of thousands of people in long es-
11 tablished communities. They have gone so far as to say
12 that no future can be considered for the Province of
13 Nova Scotia for generations to come which does not in-
14 clude stabilizing the coal industry at the highest
15 figure of employment attainable.

16 In connection with this, we would submit that
17 the social problems should first be recognized as a
18 need which has to be met as a national obligation to
19 the people of this Province generally and to the in-
20 dividual families so deeply concerned. We would
21 respectfully submit that our obligations as people and
22 as citizens transcend all other considerations.

23 If this should be recognized by the Inquiry,
24 then this need should serve as the first objective
25 of the Inquiry, and all other recommendations would
26 be so shaped as to serve the reaching of this objective.
27 If this is done, and the problems recognized in the
28 light of their true importance to us as human beings
29 and as people of Canada, the Inquiry would be the
30 first step in lightening the great burden of worry and



1 feelings of insecurity which have weighed so heavily
2 on the minds of our people for much too long a time.

3 Statistics available following the closure
4 of Springhill's #4 colliery, reveal that the vast
5 majority of those displaced, being married and supporting
6 families, as well as being home owners, placed them
7 at a great disadvantage in securing new employment.
8 Because of age and other factors, they were not generally
9 subject to alternative employment or relocation. Suffice
10 to say that the analogy of the Springhill situation would
11 be magnified ten fold, if the declaration of the Dominion
12 Coal Company to close three mines in Cape Breton area
13 were to become a reality. We respectfully submit that
14 human values must be the prime consideration.

15 In the general field then, our Federation
16 would endorse the Submission of the United Mine Workers
17 and suggest that we are dealing primarily with a
18 social problem in which measures of relief should not
19 be restricted by dollars and cents considerations. If
20 dollars and cents considerations are to be set aside
21 in the first years of reconstruction, and if re-
22 construction is achieved, then even the initial
23 financial investment, no matter how great, will have
24 been proved to be both sound and modest when measured
25 against the improved eventual position of our province
26 and its people.

27 We believe, however, that there are a number
28 of minor or related points within the jurisdiction of
29 the Inquiry on which suggestions by us might be made
30 We do this both because of general concern and because



1 of requests from two small groups of mineworkers
2 affiliated with our organization. As you will no
3 doubt appreciate, while the problems of the industry
4 are generally the same, there are some differences as
5 to how these problems specifically effect small
6 independent operations rather than the largest operator.

7 Some time ago, it was suggested to the
8 Government of Nova Scotia that there should be set up
9 a Provincial Coal Marketing Board, with representation
10 from labour, management, and the Government. It was
11 thought that such a Board, acting in conjunction with
12 both the Department of Mines and the Department of Trade
13 and Industry, could serve a constructive purpose, with
14 proper technical, promotional, and sales assistance
15 being provided it. Old markets could be retained, and
16 supplied with a possibility of increased economy in
17 some cases. New uses and new or expanded markets for
18 coal production both locally and interprovincially
19 might be found.

20 This suggestion later received the official
21 support of both District 26th. of the United Mine
22 Workers of America and our Federation. We are
23 hopeful that this Inquiry will exercise some influence
24 on having the suggestions translated into a reality.

25 We would specifically like to draw your
26 attention to the grave and economic problems confronting
27 one of the province's most distressed areas, that of
28 Pictou County, because of a decline in the coal
29 industry. This problem has been consistently and
30 continuously represented to all levels of government.



1 As yet, we do not believe that any remedial action
2 of any great consequence has been taken, or is being
3 contemplated.

4 For many years, Pictou County was one of the
5 major coal producing areas of Nova Scotia. Coal was
6 discovered in Pictou County in 1798 by the Rev.
7 Mr. MacGregor, although the presence of coal in the
8 county may have been known before that time. During
9 the early half of the next century, very large
10 operations at many mines were carried on by the General
11 Mining Association. Later, other corporations carried
12 on Extensive activities, and smaller groups were also
13 active. Over the years, coal has been the foundation
14 for the diversified industrial activity which resulted
15 in the Pictou area, and it would seem to follow
16 logically that the recent decline in economic and
17 industrial activity is closely connected with the
18 decline in the coal industry there.

19 As in many other coal producing areas, Pictou
20 was particularly susceptible to economic ups and downs.
21 However, from 1949 onwards, there was a marked and
22 disastrous rate of steady increase in the decline.
23 From employment slightly in excess of two thousand
24 in the coal industry in 1949-1951, we have reached a
25 stage at which approximately five hundred are now
26 employed, and even this employment is spasmodic and
27 uncertain. The major source of this employment is
28 provided by the Dosco Mine at Thorburn. There are
29 two small independent operations, one at Greenwood,
30 the other at Westville.



1 It can be readily appreciated that a decrease
2 representing a seventy-five per cent loss of employment
3 in the major industry has presented grave and almost
4 insurmountable problems to family and community welfare.
5 We believe that any recommendations made to reconstitute
6 the coal industry in Nova Scotia must contain provisions
7 which will expand that industry in the Pictou County area.

8 A considerable amount of information on the
9 various coal measures which go to make up the Stellarton
10 Series underlying the Pictou area is available, but
11 there is no co-ordinated and extensive single block
12 of information dealing with the whole subject. Because
13 of this, too often speculation and conjectures have
14 played a prominent part in discussions on the matter.

15 It is our belief that on the physical side
16 of the question extensive exploration and compilation
17 of information on exploration matters should be under-
18 taken, in order that we should know the true worth
19 and extent of this natural resource. We feel that
20 apart from further exploration, valuable information
21 can be gained from provincial and company archives,
22 and that this information should be connected with
23 future exploration work.

24 A great bulk of information is presently
25 available from a number of sources. Among these are
26 annual Department of Mines Reports, the Vissac Report,
27 the Bell Geological Survey Reports, the Carroll
28 Commission Report, books by the late Mr. Robert Drummond
29 of the Mining Historical Society, and many other documents.
30 We believe that all of this information should be



1 consolidated and supported by further physical
2 knowledge produced by further exploration and
3 consolidation.

4 From present information, it would seem that
5 many possibilities of further coal mining activity as
6 a contribution to the social and economic life of the
7 area have not been considered with sufficient seriousness.
8 Some of the available seams are virgin or near virgin
9 seams. Others are seams which have been worked in some
10 sectors to a considerable extent, but which have a
11 proven residue of extractable tonnage running into
12 millions of tons.

13 There are presently a number of opportunities
14 of bringing into operation any one or a number of
15 medium sized mines. The extremity of the so called
16 Three Fifty section of the Foord Seam is fairly close
17 to the surface, and a large deposit of several
18 millions of tons might be extracted by an opening here.
19 Coal has been mined from the Merigomish Road Seam, and
20 there are a number of other seams whose outcrops have
21 been exposed and where further development might be
22 proven feasible after a limited investigation.

23 The Westville Main Seam is a very large
24 deposit of high quality coal of a domestic and
25 metallurgical type, and could provide the base of an
26 extensive operation employing some hundreds of miners.
27 If means of entrance other than that recommended by the
28 Vissac Report were to be employed, however, the initial
29 capital expenditures required would be high. These
30 would be within the means of only a very large and



1 experienced company or by virtue of government consultation
2 and assistance.

3 We do not feel that we should attempt to deal
4 with matters of financing, marketing, or production.
5 Instead, we feel merely that we should present the
6 very serious problem confronting the Pictou County
7 area, and that this problem should be considered within
8 the general framework of recommended solutions. Certainly,
9 if this solution is to serve a social objective, then
10 the Pictou County area would require to be given
11 particular attention.

12 We could not present this matter fairly or
13 properly without mentioning that one of the possible
14 complications to coal mining expansion in this area
15 is the matter of leaseholdings. All of the major leases
16 have been acquired by Dosco, and the Company has stead-
17 fastly refused to commit itself to any new developments
18 within the foreseeable future.

19 Remedial action in respect to this factor has
20 been suggested to the Government of Nova Scotia at
21 various times, and no doubt has received active considera-
22 tion by the Government. We would restrict our comment
23 on this point to enunciating that no policy which would
24 place an obstacle to immediate expansion would be in the
25 area of public interest, whether this should be in the
26 nature of maintaining unnatural concessions or in the
27 price field in respect to possible lease transfers.

28 It has been pointed out that there has been
29 some historical precedent established in respect to
30



1 leaseholdings more than one hundred years ago when a
2 Committee of the House of Assembly made definite
3 recommendations. These recommendations were made when
4 it was felt that leaseholdings at that time were not
5 being managed in a manner which contributed to public
6 interest. Although no publicity in respect to the
7 action of this Committee of the House has been given during
8 the last half century, it might be constructive if the
9 Inquiry were to obtain full information on this matter
10 before the work of the Inquiry is to be concluded.

11 Our Federation has submitted to various
12 levels of government consistently that a Federal -
13 Provincial - Municipal Commission should be set up to
14 inquire on a continuing basis into the future of the
15 industry in the Pictou County area. We feel that such a
16 Commission should undertake thorough and exhaustive inves-
17 tigations into all aspects of the matter. Information
18 should be extended and compiled and consolidated.
19 Definite recommendations concerning the possible future,
20 if any, of the industry, could then be brought forth, and
21 these recommendations should extend to policies by which
22 any possible future for the industry might be realized
23 in fact.

24 It is our belief that if there is a physical
25 possibility for a future for coal in Pictou County, then
26 this should be realized within the framework of a
27 planned and co-ordinated programme to reconstitute the
28 industry in the province. But we believe that necessary
29 facts which are required to support mature considerations
30 have either not been brought to light or have not been



1 consolidated. We believe steps to eliminate confusion
2 should be taken without delay.

3 In addition to the general position which we
4 have stated early in our submission, we would submit that
5 a programme to expand employment in the coal industry
6 in the Pictou County area would have to be based on
7 acceptance of the following:

8 (1) A short term programme to provide immediate employ-
9 ment relief by providing one or more medium sized operations
10 in either the Three Fifty Section of the Foord Seam,
11 or other seams of the Stellarton Series.

12 (2) A long term programme for the industry in the
13 area based on exhaustive Commission findings in respect
14 to the Main Seam, the Westville Series, and other coal
15 measures about which sufficient information is not
16 presently known.

17 It will no doubt be evident that we have not
18 touched upon certain basic elements which will have to
19 be considered by all of those interested in this Inquiry.
20 Because marketing, management, economic and other such
21 basic considerations have no doubt already been presented,
22 or will be presented by more immediately interested parties,
23 our Federation feels constrained to restrict the
24 possibility of repetition in these matters. We would
25 do that by leaving such suggestions and submissions to
26 be made by more immediately interested parties.

27 In closing, Mr. Commissioner, we would like to
28 reiterate the sentiments expressed earlier in this brief;
29 and place great emphasis on our contention that this is
30



1 a serious social problem. A problem which if left
2 unsolved or half solved, could mean the elimination
3 of long and well established communities; and placing
4 of an unbearable burden on those affected by the
5 decision. We submit that the thousands of people
6 affected by the threat of unemployment and its attendant
7 evils, are worthy of the most serious considerations;
8 and those people are looking to this Inquiry for a
9 solution.

10 The Nova Scotia Federation of Labour would
11 take this opportunity of expressing our appreciation
12 of having been extended the courtesy of this hearing,
13 and to reiterate that the recommendations of this
14 Inquiry could well serve to point the way for the first
15 giant step to be taken to assure all of us of a newer
16 and better Nova Scotia. We pledge our co-operation
17 to this end.

18 All of which is respectfully submitted.

19 THE CHAIRMAN: I suppose Mr. Johnston you
20 will agree that in every mining area has when it
21 begins a limited resource. What are you going to
22 do when that resource runs out? Take Inverness as
23 a concrete instance, or the Drummond Mine in Cape
24 Breton. Is there anybody in the Province willing,
25 any group willing or men interested in promoting the
26 industry? Are they ready to undertake anything in
27 Inverness?

28 MR. JOHNSTON: I couldn't say Mr. Commissioner
29 if anyone is ready or interested or not, but I believe
30



1 that the Government is responsible to find solutions
2 to these matters.

3 THE CHAIRMAN: Well when do you think such
4 a principle such as that has been adopted in our civili-
5 zation? Haven't we left that to the individuals of
6 the communities, to exercise there inventive genius to
7 see opportunities of material life and to give their
8 abilities to development of action that results in what
9 we call employment?

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1 MR. JOHNSTON: In that respect, Mr.
2 Commissioner, my personal feeling on the matter is
3 that too much has been left to individuals, whose only
4 concern or only motivation is profit. I think human
5 values have to be placed before profit motive.

6 THE CHAIRMAN: Take Great Britain which
7 has nationalized its coal. What could it do there
8 in a community in which the coal, for all practical
9 purposes, is exhausted?

10 MR. JOHNSTON: Of course the situation in
11 Britain would be different.

12 THE CHAIRMAN: Not in relation to exhaustion.
13 The same thing all over the earth. The deposit of
14 eons of time has been used up. What are you going
15 to do?

16 MR. JOHNSTON: Of course we haven't been
17 placed in that position as yet.

18 THE CHAIRMAN: You have in some respect. Take
19 Pictou County. I understand The Drummond Mine has been
20 closed because of either the exhaustion of all or the
21 exhaustion of any mineable coal.

22 MR. JOHNSTON: That wouldn't be the information
23 I have. I understand there is quite abit of coal.

24 THE CHAIRMAN: Let's take one about which
25 I don't think there is any doubt, that is one of the
26 mines at least in Inverness. All I am suggesting is
27 that I appreciate fully the social consequences. You
28 see those social consequences at Elliot Lake in Northern
29 Ontario where a whole community finds that it has
30



1 received notice to quit -- about a month's notice. Take
2 Inverness. What would you do if you were
3 the Czar of Nova Scotia?

4 MR. JOHNSTON: Well, I would suggest that in
5 the case of Elliot Lake it could have been prevented.

6 THE CHAIRMAN: Oh, yes, but I am dealing with
7 Inverness.

8 MR. JOHNSTON: In the case of Inverness as
9 well there must be alternative employment made available
10 to these people.

11 THE CHAIRMAN: In what?

12 MR. JOHNSTON: In whatever would be economically
13 feasible.

14 THE CHAIRMAN: You are the chief of staff.
15 Now, what would you go and do to get something by way
16 of an alternative?

17 MR. JOHNSTON: I wouldn't be prepared to say
18 what would be an alternative without mature consideration
19 of just what the situation would warrant. It would call
20 for a Commission such as this to look into the matter
21 and find out just what would be feasible for the area.

22 THE CHAIRMAN: That actually has been done
23 in this Province. They have been doing that for years.
24 It involves an enquiry -- what are the factors that
25 would permit industry to become established in a
26 community? You can't go out to the middle of the
27 Sahara and set up a huge marketing centre. Why?

28 MR. JOHNSTON: Well, Mr. Commissioner, I
29 would doubt very much if you would find anything,
30 anything suggested of that nature in this statement.



1 I don't think any of the statements submitted so far
2 would suggest anything so ridiculous. But I certainly
3 think...

4 THE CHAIRMAN: I am just using that extreme
5 case to illustrate a principle that you must have
6 certain factors.

7 I quite agree that the social implications
8 are of the utmost importance, that unless you are
9 prepared to mine coal and dump it into the Atlantic,
10 you must mine it for the purpose of some use. If
11 you run out of coal, you must do something else.

12 Now, if you present that as a principle and
13 leave it there, I accept it, and then it remains for
14 the local organization of Government to do whatever
15 it can to see if it can furnish alternative means, and
16 I think that is exactly what it has been doing.

17 MR. JOHNSTON: You are leading one to believe
18 we don't have coal to mine.

19 THE CHAIRMAN: Oh, no, no.

20 MR. JOHNSTON: We certainly have all the
21 facilities necessary for coal mining operations.

22 THE CHAIRMAN: No. All I am bringing up to
23 you is the reality of the fact that in any mining
24 community they must be prepared to face the extinction
25 of that resource. I would say the sensible thing is
26 to commence some time in advance for that eventuality
27 and try to accept the inevitable and let it become, as
28 you have already on the South shore, the remains of
29 one large community of 150 years ago, let it vanish
30



1 or let it be continued by alternative? The alternatives
2 are primarily the concern of the members of the
3 community. What are they thinking about?

4 MR. JOHNSTON: I think the evidence as to
5 what the community is thinking is clear today.

6 THE CHAIRMAN: What are they suggesting by
7 way of alternative activities anywhere?

8 MR. JOHNSTON: I feel the first consideration
9 is to put the industry as it is constituted at the
10 present time on a sound footing.

11 THE CHAIRMAN: Just what do you mean by that?

12 MR. JOHNSTON: I think we should take advantage
13 of all available markets.

14 THE CHAIRMAN: Don't you think they are doing
15 it?

16 MR. JOHNSTON: I would doubt it very much.

17 THE CHAIRMAN: Why do you doubt it?

18 MR. JOHNSTON: Well, I can cite one example
19 in Pictou County where a hall in the centre of the
20 coal mining industry had to convert to oil because
21 they couldn't get available stocks of coal when they
22 wanted them.

23 THE CHAIRMAN: I would like to know all
24 the details of that before I form any judgment on it.
25 That might be the objective fact, but why? What were
26 the considerations leading to that?

27 MR. JOHNSTON: We have an additional case
28 of the miners in that area out of work in the summer
29 months. When they approached their employer for to
30



1 advance them on their wages, the coal, over the
2 summer period of time so that the other people who
3 bought up the coal in the winter would have all the
4 available stocks, that was refused. I think that
5 was a reasonable recommendation from the miners.

6 THE CHAIRMAN: They asked to have money
7 advanced?

8 MR. JOHNSTON: They were asking to have
9 their coal in the summer months. They would mine
10 their coal in the summer months to make more coal
11 in the winter months.

12 THE CHAIRMAN: That may be poor policy. Then
13 imagine yourself to be the owner of that mine. What
14 would you feel like?

15 MR. JOHNSTON: I think possibly the whole
16 situation is a continuation of poor policy.

17 THE CHAIRMAN: Suppose I am in it. Do you
18 think I would act much differently than the present
19 owner?

20 MR. JOHNSTON: I doubt it very much.

21 THE CHAIRMAN: I doubt it too.

22 MR. JOHNSTON: When the profit motive is
23 the only consideration, the Government has to step
24 in and see that the social aspect is looked after.

25 THE CHAIRMAN: I agree that may be the
26 answer. Would you nationalize the coal.

27 MR. JOHNSTON: It might be a good idea.

28 THE CHAIRMAN: Nationalization in England
29 has not stopped closing of mines.
30



1 MR. JOHNSTON: Nationalization of England,
2 as I understand it from a gentleman who visited this
3 province some time ago, has not stopped closing of
4 mines to the present time, but had there not been
5 nationalization, the problem would have been much
6 worse than what it is at the present time.

7 THE CHAIRMAN: Take it at this moment. Do
8 you think it is very good?

9 MR. JOHNSTON: The problem can't be good
10 at the present moment, no, but it may have been worse
11 earlier.

12 THE CHAIRMAN: Well, there is a question
13 of time. I am not sure a postponement of it for a
14 year or two does really very much good in the long
15 run.

16 I think we have learned yesterday that there
17 are stocks piled up over the last couple of years
18 amounting to fifty and sixty million tons. Sooner
19 or later what is going to happen? If that is the
20 purpose of mining.

21 MR. JOHNSTON: It is hard to say what will
22 happen in the long run, but if the present trend in
23 this area continued where you have eight mines at
24 the present time with a possibility of three mines
25 closing, with five left, and the life expectancy of
26 the other mines very short, as was reported here
27 yesterday, what would be the eventual outcome if we
28 lost Ontario markets for the slack coal? Then
29 possibly the mining operations in this area would
30 close. Would that not be a fact?



1 THE CHAIRMAN: It might.

2 MR. JOHNSTON: If they were to close or if
3 they found it uneconomic to continue mining, what would
4 happen to the steel industry? I would suggest if they
5 hauled ore from Seven Islands, in Quebec, American coal,
6 we would soon find the steel industry in the same
7 condition we find the coal industry today.

8 THE CHAIRMAN: I was dealing particularly with
9 Pictou, for evidently your resources there are not as
10 great as some people imagine.

11 MR. JOHNSTON: We have asked for an investigation
12 to find out what is the extent of that actual resource
13 there. If the true picture was given as to the extent
14 of the natural resource in the Pictou area, then we
15 could base our claim on something more positive.

16 THE CHAIRMAN: In Inverness it is most
17 difficult to do anything. I am simply pointing to some
18 of the difficulties which this statement does not even
19 suggest exist.

20 MR. JOHNSTON: I think the difficulties are
21 evident to most people. The difficulties that do
22 exist, but we have to overcome those difficulties if
23 we are going to place any emphasis on human value.

24 THE CHAIRMAN: Any questions?

25 MR. MANSON: The only comment at this time
26 or at some other time, if you would like the background
27 of what exactly has occurred in Pictou County in the
28 attempt to develop mines in that district, I would be
29 too pleased to give it to you.
30



1 THE CHAIRMAN: Perhaps when we get through
2 this.

3 MR. MANSON: Yes

4 THE CHAIRMAN: Thank you, Mr. Johnston.

5 MR. ELLIS: Mr. Commissioner, I would like
6 to call upon Mr. W. L. Heustis who will submit a
7 brief on behalf of the Cape Breton District Command,
8 Canadian Legion. This will be Exhibit 32.

9 ---EXHIBIT NO. 32:

10
11 SUBMISSION ON BEHALF OF CAPE BRETON DISTRICT
12 COMMAND, CANADIAN LEGION

13 MR. HEUSTIS: To the members of the Rand
14 Royal Commission on Coal

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Sirs:

We of this Command of the Canadian Legion
deem it an honour and a privilege to come before you at
this time to present our views on the Coal Mining
Industry of the Maritime Provinces. Your task is a
long and arduous, one, and we sincerely hope that when
it is completed, we of these Maritime Provinces will
benefit to a greater degree than ever before and share
in the National Prosperity of our great country.

Sirs:

When our federal Government made known its
interest in the Coal Mining problems of Nova Scotia and
went so far as to duly appoint a Royal Commission, this
Command of the Canadian Legion immediately went on
record as approving such a Commission and decided to



1 present its views on this all important question.

2 In order that the duly appointed members of
3 this Royal Commission maybe enlightened as to the
4 interest of the Canadian Legion in this matter, we
5 wish to submit the following information.

6 As all members are aware, the Cape Breton
7 District Command is located within the Island of Cape
8 Breton and as such, enhances all Legion Branches within
9 its confines. Going a bit farther in this same vein
10 of thought, it can be fully substantiated that about
11 fifty per cent of the Branches are residents of Coal
12 Mining Communities or immediately adjacent to these
13 areas. Since these Branches are closely connected to
14 this area of Coal Mining, it is therefore significant
15 to say that the highest percentage of their membership
16 are coal miners. In submitting the foregoing statements
17 we feel that you will agree that the Canadian Legion
18 not only has an obligation to fulfill but a duty to
19 perform on behalf of its Miner Veterans.

20 For some two hundred or more years coal mining
21 has been a necessary industry to the economy of the
22 Maritime Provinces and as such has looked upon many
23 good years and a large number of bad ones. In the
24 early times coal was looked upon as the only true source
25 of heat and was mainly used by the inhabitants of the
26 areas in which it was mined. However, when transportation
27 came to the stage where this product could be put in
28 the hands of all residents both far and near, its
29 prosperity soon flourished.
30



1 The necessity of this fuel for heating
2 purposes was never more evident than during the past
3 Two World Wars. During World One, when ships were
4 the most noted means of travel, every pound of coal
5 produced was gobbled up by ships for bunker purposes
6 and the cost was no obstacle. During World War Two,
7 coal once again became of national importance and
8 increased production demanded of all Mine owners. This
9 can be borne out by the fact that the Federal Government
10 seen fit to freeze Miners to their jobs and to pass
11 legislation allowing them discharges from the Armed
12 Forces to return to the Coal Industry.

13 So far we have given the brighter side of this
14 very important industry but like all stories there is
15 also the darker side. Down through the years of con-
16 tinuous mining there has been many conflicts between
17 management and employee. These conflicts for the
18 most part had to do mainly with low wages and working
19 conditions. Though there has been some improvements
20 in both these fields, there is much to be desired. In
21 fact there is so much difference between the wages and
22 conditions of the Miners as compared to those of another
23 present day industry that one is led to believe that
24 the Miners themselves are subsidizing the industry.

25 In our opinion the main reason for this is the
26 fact that the owners of our collieries are non residents
27 of this area and are not familiar with the conditions
28 that really exist. Further to this can be added the
29 fact that we are losing most of our finest export
30



1 markets to other fuels and imports because little or
2 no effort is being used by the owners to put our
3 product on a competitive basis with other fuels.

4 During the first quarter of the Twentieth
5 Century coal came into such prominence as a nationally
6 used fuel that the Federal Government seen fit to
7 classify it as a National Product of the Canadian
8 Economy. Since approximately the year 1924, both the
9 Provincial and Federal Governments have seen fit to
10 protect this product during hard times by the use of
11 subsidies. To our way of thinking, this has been a
12 desirable but costly way of rectifying an immediate
13 situation but not the all demanding solution to our
14 problems.

15 During the past quarter of a century there
16 has been many mine closures in the Maritime Provinces.
17 At the beginning such closures meant the re-opening
18 of new mines but not so in the past ten or fifteen
19 years. Many mines have closed never to be re-opened
20 and there is serious talk of further closures in the
21 near future.

22 What has been the direct result of these
23 closures?

24 First of all the economy of the mining areas
25 has suffered to such an extent that some are being
26 classified as Depressed Areas in need of Special
27 Government Assistance.

28 The second most serious result has been the
29 loss of work causing a good many of the residents to
30 seek employment in other Provinces where industry is



1 more centralized and job availability at a high peak.

2 The third, and quite possibly the most important
3 result of all closures is that once a mine is closed and
4 abandoned, it will never be re-opened because of
5 the costs involved. One must realize that just about
6 all mining done in the Maritime Provinces is submarine
7 in nature and as a result water seepage is a very
8 large and contributing factor to mine flooding. To
9 overcome these problems would cost astronomical sums
10 of money that just aren't available. It is therefore
11 our contention that to avoid these huge expenditures
12 all mine operations should be kept in a workable
13 condition at all times. Loss of our mines through
14 closures or abandonment could very well lead to a
15 national disaster as has faced us in two World Wars.

16 For the past quarter of a century there has
17 been a large number of Hydro Projects under development
18 in Canada but a recent survey shows that this type
19 of development is slowly coming to an end because
20 there are no further areas to develop. The St.
21 Lawrence Seaway was the last major development of its
22 kind and whether or not this will have a beneficial effect
23 on the Maritime Provinces remains to be seen. However,
24 with Hydro Projects petering out, it is quite possible
25 that our country will once again be forced to turn to
26 coal as a source of energy.

27 Recently there has been much talk about the
28 construction of Thermal Power Plants across Canada.
29 Fuels for the operation of these plants has been
30 under consideration for some time now but nothing



1 definite has been arrived at. Coal has been tested
2 for use as a fuel and has been found satisfactory
3 and it is to be hoped that both the Provincial and
4 Federal Governments will see fit to pass legislation
5 decreeing its use. Both Governments have the right
6 to do this as they are the ones putting up the monies
7 for their construction. The amount of coal necessary
8 for the operation of these plants is tremendous and
9 could very well look after our entire production for
10 many years to come.

11 For some years now there has been in Canada
12 a Board known as the Dominion Coal Board. Though it
13 is not our intention at this time to go into the
14 relative duties of this Board, we would like to make
15 a suggestion furthering its use on behalf of the
16 Coal Mining Industry. This suggestion has to do with
17 a broadening of its powers to cover the importation
18 of coals and other fuel oils from other countries.
19 It is our firm belief that this Board should have the
20 power to control such imports so that our National
21 Product can survive, giving full employment for all
22 and a higher economy for this area.

23 It must be pointed out however, that though
24 we ask for the broadening of its powers to include
25 importation regulation, we also feel that this same
26 Board should take an active part in the marketing
27 or sale of our present production. As has already
28 been stated, our present coal sales are at a new low
29 and it is felt that the information gathered through
30



1 the years by this Board would be of tremendous
2 assistance in the sale of our product.

3 Though we have asked for a broadening of the
4 powers of the present coal Board we do not ask for
5 its infringement on Company policy as respecting
6 employer and employee nor the intimate operation of
7 the mines.

8 In conclusion, we of the Canadian Legion
9 summarize our thoughts as follows:

10 (a) Coal Mining is an hereditary occupation. Once
11 in the blood of a family it passes from generation to
12 generation and therefore the re-training of a miner for
13 another occupation cannot be accomplished as with others
14 such as a farmer or a fisherman.

15 (b) Coal is a National Product and must be retained
16 as such.

17 (c) Coal Mining is the largest contributor to the
18 economy of the Maritime Provinces and must be preserved.

19 (d) Further coal mine closures could very well cause
20 a national disaster and must be kept in a workable
21 condition at all times.

22 (e) Hydro projects are petering out and coal could
23 very well be our dependent form of energy in years to
24 come.

25 (f) That the Dominion Coal Board be granted powers to
26 govern the import of coal and fuel and the sale of our
27 existant production.

28 (g) That both the Provincial and Federal Governments
29 be requested to pass legislation decreeing the use of
30 coal by all Thermal Power Plants.



1 (H) The Maritime Provinces have the highest per capita
2 enlistment of any other part of Canada, and because of
3 this fact and the fact that many Veterans are directly
4 involved in the workings of the Coal Mines, we strongly
5 urge the Federal Government to give National Emergency
6 consideration to the Coal Mining Industry and its related
7 problems, with an eye to the continued operation of
8 all mines and an increased economy to these mining areas.

9 Thank you.

10 THE CHAIRMAN: Any questions? Thank you,
11 Mr. Heustis.

12 MR. ELLIS: Mr. Commissioner, I would like
13 to call upon Mr. David G. Burchell, who will present
14 a brief on behalf of the Independent Coal Operators
15 Association of Nova Scotia. This brief becomes
16 Exhibit 33.

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1 MR. BURCHELL: Mr. Commissioner:

2 This brief is being presented on behalf of
3 the so-called Independent Coal Operators of Nova Scotia.
4 Independent, in the sense that mines are privately
5 owned and operated quite apart from the Dominion Steel
6 and Coal Corporation and its subsidiaries, and inde-
7 pendent in the sense that there is no public subscription
8 to their capital stock.

9 There are 11 independent coal mines now
10 operating in Nova Scotia. These mines produce
11 approximately 450,000 tons of coal per year and employ
12 a working force varying between 800 and 900 men. The
13 production and the working force is small compared to
14 Dosco's output, but it should be remembered that the
15 economic impact upon the communities in which they are
16 located is great. Nearly all the employees of these
17 mines are married and have families which are directly
18 dependent on them. In addition thousands of people
19 depend indirectly on these operations for their livelihood.
20 In many cases whole communities depend upon these mines
21 for their existence.

22 It is not our intention to present a lengthy
23 brief to you, which would merely be a repetition of all
24 the material which has already been presented.

25 Our problem in essence is the same as Dosco's --
26 that is markets for the coal which can be produced.
27 At one time the Independent Coal Operators of Nova
28 Scotia had a ready market for 100,000 tons of coal with
29 the Canadian National Railways. Within the last ten
30 years this market has disappeared. The Canadian



1 National Railways which once would keep the mines of
2 all the Independent Operators working during the
3 summer, has converted all its steam engines to diesels.
4 There is now no screened coal sold to the Canadian
5 National Railways, except that used for heating station
6 houses, etc.

7 The only market remaining for screened coal
8 then was the domestic user, which market is not
9 available during the summer months. This market in
10 the last 15 years has been cut in half or more by the
11 introduction of oil for domestic use. More independent
12 operators now depend chiefly on the sale of black coal
13 for industrial use, including the production of
14 thermal electric power. Much of the coal produced by
15 the independent coal mines is sold in the Quebec market,
16 and 90% of that coal is black rather than screened.
17 It should be remembered that screened coal commanded
18 a higher price on the market than black coal.
19 Consequently with the shift to black coal, net revenue has
20 decreased substantially. In addition costs of production
21 have risen, and labour rates are substantially the same
22 as Dosco's.

23 Up to this time it has been possible for the
24 Independent Coal Operators to sell in the Quebec market -
25 but only because of the freight rate subventions paid
26 by the Dominion Coal Board. Without these subventions
27 we would not be in business at all! The payment of these
28 subventions is a basic essential to the existence of the
29 independent coal operations. In the past few years,
30



1 however, it has become apparent that further assistance
2 will be necessary for the continued existence of the
3 Nova Scotia Coal Industry as a whole. This situation
4 has arisen in part because of the influx of foreign
5 oil into Canada.

6 From the standpoint of the Independent
7 Operator's the strongest competition to the Canadian
8 Coal Industry is the use of cheap residual oil. Crude
9 oil is imported into Canada and refined into various
10 petroleum products of which gasoline is the most
11 important -- the left over product or residual oil
12 is "dumped" on the market at any price. The price of
13 gasoline sold for motor vehicle use is kept high in
14 order to cover the loss incurred by the sale of the
15 residual oil. Residual oil is not carrying its proper
16 share of the cost load in producing the gasoline, for if
17 it is not disposed of, it becomes simply a waste product.

18 This cheap residual oil is now flooding the
19 Quebec area which has been a traditional market for
20 our coal. Coal contract after coal contract has been
21 lost due to the inroads made by oil in the past few
22 years. The irony of the situation is that this residual
23 oil is produced from crude oil that is shipped from the
24 Middle East and Venezeula, from areas where labour
25 and other production costs are so low as to be
26 ridiculous. It is not oil that has been recovered from
27 our Canadian wells, but oil from foregin countries,
28 produced at a lower cost. The labour cost in producing
29 petroleum products is a very small percentage of the
30 total cost, whereas in coal the labour component amounts



1 to some 50% of the total cost.

2 This oil is gradually eating away our Quebec
3 markets. In addition it is also gnawing at the domestic
4 household market. More consumers are switching to oil
5 heating because of its convenience, even in the heart of
6 the coal mining industry. Oil can make no further inroads
7 into coal's railway market, because that is gone. Oil
8 will, however, make further inroads into coal's household
9 or residential market. To what extent it is difficult
10 to predict, but it is safe to say that the majority of
11 new residential buildings will use oil and/or in some
12 areas gas. It is to be hoped that the loss in the use
13 of household coal will be offset by the increase in the
14 use of coal for generating thermal electric power, if
15 once again cheap residual oil does not undercut the
16 market.

17 It has been recommended in some quarters that
18 a tax be placed on every gallon of this residual oil
19 so that coal might more equitably compete. It seems,
20 however, that the oil companies could defeat the purpose
21 of this tax, by simply lowering the existing price by
22 an amount equivalent to the tax, thereby selling the oil
23 at the same price. To make up for the increased cost,
24 they would simply add to the price of their refined
25 gasoline, thereby forcing the gasoline consumer to
26 carry the tax.

27 There is always a ready market for gasoline
28 because it is the one substance that has no substitute
29 in the present day.
30



1 The solution that the independent coal
2 operators recommend to your Lordship is the same as that
3 arrived at in the United States, that is a limitation
4 on the importation of crude oil and, where it is imported,
5 residual oil. That is, set quotas on the amount of
6 foreign crude and residual oil that may be imported
7 into Canada. Perhaps a combination of a tax as used in
8 Germany recently to lessen the impact of oil while the
9 German Coal Industry is being reorganized (the Germans
10 imposed a tax of about \$7.00 a ton or approximately
11 three cents a gallon on all fuel oil to remain in
12 effect for about 3 years) and the quota system as used
13 in the United States would be most effective.

14 Natural gas now reaching the Quebec market
15 also poses a formidable problem for coal producers.
16 However, natural gas is a deluxe fuel and will not always
17 be available for the industrial market. Industry is
18 actually being sold gas at a loss by the natural gas
19 companies, until they get a larger slice of the domestic
20 market. In Montreal, recently industry has been quoted
21 a price of 30¢ per million British Thermal Units, while
22 the domestic rate is between \$1.00 to \$1.18. The
23 comparative price of coal may be calculated on the basis
24 that one ton of the coal produced by the independent coal
25 mines in Nova Scotia, equals 25 million British Thermal
26 Units.

27 It is reported that it costs 1½¢ per 1,000
28 cu. ft. (1,000 cu. ft. of natural gas equals one
29 million B.T.U.'s) of gas per 100 miles to transport
30



1 natural gas from its source in Alberta to Montreal.
2 The distance from the natural gas source to Montreal
3 is some 2300 miles. Therefore it costs $34\frac{1}{2}\phi$ per 1,000 cu.
4 ft. to transport the gas, added to this is the cost of
5 the gas before it enters the pipeline -- 12ϕ per 1,000
6 cu. ft. The total cost of the gas on reaching Montreal
7 is about $46\frac{1}{2}\phi$ per 1,000 cu. ft. There are also
8 distribution costs in Montreal which must be added on.
9 Yet, the natural gas companies are quoting as low as
10 30ϕ per 1,000 cu. ft. or one million B.T.U.'s to
11 Industrial users on an interruptible basis.

12 It is obvious that the gas companies are
13 unloading the gas on industry at give-away prices until
14 they build up the domestic market. Then industry will
15 be forced to higher and higher rates or be cut off
16 entirely. In the meantime, however, coal mines which
17 would normally have supplied these industries may be
18 out of business.

19 It is the suggestion of the Independent
20 Coal Operators of Nova Scotia, that this "dumping" of
21 natural gas on the industrial user be prohibited by
22 legislation.

23 One of the great hopes of the future for the
24 sale of coal lies in the generation of thermal
25 electric power. The independent coal operators suggest
26 that a subvention be paid on Nova Scotia coal used for
27 Electric power generation in The Maritimes. This would
28 enable coal to compete with oil used for this purpose
29 and would reduce the tonnage available for shipment
30 to Quebec and Ontario.



1 The Federal Government now pays up to
2 \$5.00 a ton on coal shipped to Ontario. It would
3 certainly be less costly to pay \$2.00 or \$3.00 per ton
4 on coal shipped to points within the Maritimes for the
5 generation of electric power. In other words, coal that
6 would normally be shipped to Quebec or Ontario at
7 high subvention rates, could be sold within the
8 Provinces at much lower subvention rates. The Federal
9 Treasury would most certainly save money.

10 The Nova Scotia Government contributed last
11 year and again this season \$500,000.00 a year to sub-
12 ventions to move Nova Scotia coal into Ontario. The
13 amount is roughly equal to the royalties collected by
14 the Nova Scotia Government on coal produced in Nova
15 Scotia (12½¢ per ton). The Royalty is collected from
16 all coal producers, but the benefit of the Nova Scotia
17 Government assistance is received only by Dosco,
18 inasmuch as the independent operators have not the
19 shipping facilities, nor the production necessary to
20 contract for large shipments of coal to Ontario.

21 It is suggested that a grant, equivalent in
22 proportion to that given to the Dosco Mines, be granted
23 to the smaller operators, or in the alternative, that
24 the 12½¢ per ton royalty on coal produced by the
25 Independent Operators be discontinued.

26 The Independent Coal Operators also feel
27 that the appropriate agencies of Government and Research
28 institutions combine forces to develop more economical
29 and efficient uses for coal, with particular emphasis
30



1 on the smokeless burning of coal, automatic firing
2 and ash removal, and the erection of central heating
3 plants to serve newly constructed residential,
4 commercial and industrial groups of buildings.

5 As a final recommendation to the Commission,
6 it is suggested that in addition to all subsidies
7 and subventions, the sum of \$2.00 per ton be paid
8 directly to all coal producers in the Province of Nova
9 Scotia. This sum should be paid on the following
10 conditions:

11 1. That $1/6$ of the amount so paid will be ear-marked
12 for the employees as increased wages, it being agreed
13 by all concerned that the coal miners are, in comparison
14 to workers in other heavy or basic industries, underpaid.
15 This would result in an increase of approximately \$1.00
16 per day for the miner.

17 2. That $5/6$ of the amount paid will be used by the
18 coal producer to find and develop new markets for his
19 coal.

20 3. That a review of the moneys so paid would be made
21 at the end of five years in order to determine whether
22 or not it is necessary to continue them.

23 Your Lordship will note that the recommendations
24 of the Independent Coal Operators are made either for
25 protection or for financial aid. It is the thought of
26 the independent operators that such protection and
27 assistance is vital at the present time. It is felt that
28 the Government should grant all the necessary assistance
29 for at least the next five or six years. The reasons
30



1 are many and varied.

2 98.3% of Canada's energy resources is coal.
3 Coal mines, once shut down, will, in all likelihood,
4 never be re-opened. Oil and natural gas are available
5 in large quantities only for comparatively few years.
6 The Canadian Coal Industry therefore is today and will
7 be for many years to come one of our fundamental
8 sources of energy. In the event of war, it will be
9 called upon to produce a good deal more than our
10 current production, and it would be imperative that this
11 increased production be obtained very quickly. We in
12 Canada must look upon coal in relation to the contribution
13 it would be expected to make during a period of
14 National emergency.

15 Again, we must regard the coal industry from
16 the standpoint of the effective utilization of our
17 energy resources. We should not lose sight of the fact
18 that there still exists the prospect of a fearsome
19 general war, which is only one aspect of the global
20 struggle which is going on today. During the last war
21 we had to obtain approximately two-thirds of our coal
22 requirements from the United States and it is not
23 unreasonable to expect that in the event of a future
24 war, such supplies of American coal might not be
25 available. We believe that it should be apparent that
26 national security requires a coal industry that would
27 be capable of producing sufficient tonnage to meet the
28 challenge in the case of such a national emergency.

29 It is hoped that the next ten years will
30 see a marked increase in the demand for coal. It is



possible that research may develop new and more economic uses for coal. Most certainly there will be a tremendous increase in the demand for coal used to generate thermal electric power. There is also the possibility that the demand for coking coal in the nation's steel plants and other metallurgical establishments will continue to expand.

Finally, there is the social aspect of the situation which compels government assistance as long as it is necessary. There are too many miners, too many women and children, too many old, established towns and villages, too many citizens in all walks of life dependent on the coal mines for their existence, to permit the hasty, arbitrary closing of our coal mines because of lack of adequate markets at the present time. The people of Nova Scotia in General, and of Cape Breton in particular, want to live and work on their native heath. We trust, Mr. Commissioner, that you will find some solution whereby this end may be brought about. In brief, the suggestions of the Independent Coal Operators which reflect our opinions, and which we trust may be of some help to you are as follows:

1. Continuation of present federal subventions.
- 2 Limitation on the quantity of foreign crude and residual oil that may be imported, together with a tax on this oil if necessary.
- 3 Legal restrictions on the "dumping" of natural gas on the Quebec Industrial market.
4. The payment of a federal subvention on Nova Scotia



1 coal used for electric power generating in Nova
2 Scotia.

3 5. The elimination of Royalty payments on coal to
4 the Nova Scotia Government.

5 6. Renewed emphasis on research into more economical
6 and efficient uses for coal.

7 7. The payment of \$2.00 per ton directly to the
8 producer for all coal produced in Nova Scotian mines,
9 under the terms and conditions outlined in this brief.

10 All of which is respectfully submitted.

11
12 THE CHAIRMAN: Howlong have the Independent
13 Operators been shipping to Quebec markets?

14 MR. BURCHELL: Prior to the last war, sir.

15 THE CHAIRMAN: And I say "The Independent
16 Operators" would that answer cover all of them?

17 MR. BURCHELL: I cannot say very well that
18 it covers all of them, because I do not think that
19 all of them have shipped coal to Quebec for that
20 period.

21 THE CHAIRMAN: No.

22 MR. BURCHELL: As a matter of fact, that
23 would apply to two or three operators in particular.

24 THE CHAIRMAN: Take your own case, how
25 long has coal from your operations been sent to
26 the Quebec market?

27 MR. BURCHELL: For about thirty years.

28 THE CHAIRMAN: In what quantity before
29 1950?

30 MR. BURCHELL: Just before 1938 we shipped



1 about forty thousand or fifty thousand tons.

2 THE CHAIRMAN: How many?

3 MR. BURCHELL: Forty thousand or fifty
4 thousand tons. That would be the maximum in one
5 year before 1940.

6 THE CHAIRMAN: That has increased since
7 the war?

8 MR. BURCHELL: It has increased since the
9 war.

10 THE CHAIRMAN: To what extent?

11 MR. BURCHELL: It is about double that now.

12 THE CHAIRMAN: Out of a total production
13 of what?

14 MR. BURCHELL: One hundred and twenty-five
15 thousand tons.

16 THE CHAIRMAN: So you have about two-thirds
17 of your product shipped to Quebec.

18 MR. BURCHELL: Right.

19 THE CHAIRMAN: What is the nearest destination
20 east?

21 MR. BURCHELL: Eastern Townships.

22 THE CHAIRMAN: How far west do you go?

23 MR. BURCHELL: Ottawa and some small quantity
24 as far north as Val d'Or, Noranda.

25 THE CHAIRMAN: How much do you ship to the
26 Ottawa district, approximately?

27 MR. BURCHELL: Probably about thirty
28 thousand tons.

29 THE CHAIRMAN: Do you think it is desirable
30 to increase the number of independent operators?



1 MR. BURCHELL: That is a difficult question
2 for me to answer, sir.

3 THE CHAIRMAN: We are dealing with difficult
4 questions here, sir. I should say at the present time
5 it is not good policy from any point of view to
6 increase the production of coal. Would you agree with
7 that?

8 MR. BURCHELL: Yes, I would agree with you,
9 unless that coal can be produced at a lower cost than
10 the present cost.

11 THE CHAIRMAN: But not without the help
12 of subsidies?

13 MR. BURCHELL: No, without subsidies.

14 THE CHAIRMAN: You are assuming that the
15 present terms of subsidies will remain?

16 MR. BURCHELL: Yes, subventions would not
17 be available to a new mine starting out at the present
18 time.

19 THE CHAIRMAN: Subsidies are not now available?

20 MR. BURCHELL: No.

21 THE CHAIRMAN: You would agree with that?

22 MR. BURCHELL: That is right, sir.

23 THE CHAIRMAN: So far as the subsidies are
24 concerned, there is no sound policy that dictates any
25 increase in the production for the subsidized markets?

26 MR. BURCHELL: No.

27 THE CHAIRMAN: Of the eleven independent
28 operators, is that right.

29 MR. BURCHELL: Yes, that is right.

30 THE CHAIRMAN: How many shipped to Quebec,



1 can you tell me?

2 MR. BURCHELL: Three that I know of.

3 THE CHAIRMAN: And the balance are confined
4 to what, local distribution and sales?

5 MR. BURCHELL: Just to the Maritime Provinces.

6 THE CHAIRMAN: Do they ship much to New
7 Brunswick?

8 MR. BURCHELL: Some to New Brunswick,
9 Prince Edward Island, but mostly Nova Scotia.

10 THE CHAIRMAN: Is it some distance from
11 the mine, or do they have a local demand?

12 MR. BURCHELL: There is a local demand
13 in the vicinity of each mine that takes in some cases
14 a large percentage of the production of that mine.

15 THE CHAIRMAN: These independents serve
16 that local demand very satisfactorily?

17 MR. BURCHELL: I would say so, sir.

18 THE CHAIRMAN: I suppose we can say that
19 is really the most important function, that they
20 are able to distribute on a sort of retail basis to
21 their local communities?

22 MR. BURCHELL: Yes.

23

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1 THE CHAIRMAN: Any payment of the subvention
2 on Nova Scotia coal used for electric power generally
3 that is paid. There is a subsidy on that which is
4 intended to go to the consumer of the electricity.
5 Is that what you mean?

6 MR. BURCHELL: No, that is not. We mean
7 a freight subvention.

8 THE CHAIRMAN: That is a subvention either
9 to the carrier or to the coal company?

10 MR. BURCHELL: To the carrier.

11 THE CHAIRMAN: A reduction, in effect, of
12 a freight rate?

13 MR. BURCHELL: Right.

14 THE CHAIRMAN: Can you give me the ages,
15 you might say, of these independent operations?
16 They have not all been in existence for thirty years
17 have they?

18 MR. BURCHELL: Generally speaking most of
19 them have sir, with one or two exceptions.

20 THE CHAIRMAN: Under the same principle; same
21 localities?

22 MR. BURCHELL: Yes.

23 THE CHAIRMAN: I think your brief is very
24 clear as to what you think ought to be done. Do you
25 think the Province in which this natural gas is being
26 brought would legislate to prevent dumping?

27 MR. BURCHELL: Pardon?

28 THE CHAIRMAN: Do you think the Provincial
29 Government of Quebec and Ontario would restrict the
30 sale of gas?



1 MR. BURCHELL: I am afraid they wouldn't.

2 THE CHAIRMAN: I am afraid so too.

3 THE HONOURABLE MR. MANSON: I might state
4 sir that the Provincial Government retains some of
5 the independents in an operation not to increase the
6 quantity of coal available, but more as a means of
7 priming the economics of the communities concerned.

8 It was not our purpose, in our brief, of
9 increasing the amounts of coal, but more to just to
10 keep a level operation.

11 THE CHAIRMAN: I appreciate that.

12 MR. ELLIS: I understand that Mr. Frank
13 Beaton, the Warden of the Municipality of the County
14 of Cape Breton is ill today but that his representative
15 is here.

16 MR. ANDREWS: My name is Kenneth Andrews,
17 counsellor for Cape Breton County. I am substituting
18 on very short notice for Warden Beaton who has been
19 taken ill. He contacted me this morning and asked me
20 to be here to present this brief of his on behalf of
21 the Cape Breton Joint Expenditure Board.

22 --- EXHIBIT NO. 34

Submission on behalf of the
Municipality of the County
of Cape Breton.

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SUBMISSION ON BEHALF OF MUNICIPALITY OF THE
COUNTY OF CAPE BRETON TO RAND ROYAL COMMISSION
OF COAL

Appearances: Mr. Kenneth Andrews

Mr. Justice Rand:

It is with pleasure that we acknowledge the establishment of a Royal Commission to inquire into the condition of the Coal Industry in Canada. This matter is of such importance to the Province of Nova Scotia and in particular to the County of Cape Breton that we welcome the opportunity to place before you our observations on the meaning of the Coal Mining Industry to this Municipality together with certain recommendations which we feel could be instituted to improve the condition of this industry.

Today we are here speaking solely for the residents of the Municipality of the County of Cape Breton. This Municipality has a population of approximately 37,000 people and the administration of Municipal Affairs involves a provision of educational facilities for approximately 10,500 pupils with schools staffed by approximately 350 teachers. Since the year 1950 there has been a capital expenditure in school construction of \$2,027,000. while there still remains a further amount of \$1,500,000. to be expended in additional school requirements.

In addition to the foregoing the residents of our Municipality are necessarily burdened with the construction of churches and other public services and have recently embarked on a sharing of costs in



1 the construction of a hospital in the New Waterford
2 area.

3 The Municipality receives approximately 20%
4 of its tax revenue from taxes levied on coal mines and
5 mining properties. This amount is about 95% of our
6 industrial assessment. In addition, our revenue
7 includes all of the taxes paid by hundreds of miners
8 who own property in our Municipality.

9 The residents of the Communities of Florence,
10 Reserve Mines, Port Morien, Donkin, New Victoria,
11 Scotchtown and Broughton are for the most part dependent
12 on the coal mines for their livelihood.

13 In addition to this, the rural areas of the
14 Municipality receive approximately three quarters of
15 a million dollars annually from the sale of timber to
16 the Coal Companies. This amount fluctuates and at one
17 time, at the peak of the mining industry, was
18 considerably in excess of this figure but even today that
19 amount is still obtained by the rural residents of
20 the County.

21 In the light of the foregoing, you will
22 appreciate that payment, not only of future needs and
23 public services, but also for existing services depends
24 upon the existence of a coal mining industry that is
25 economically healthy, affording employment to a
26 maximum number of miners.

27 In actual fact, however, we have been
28 faced with an ever decreasing number of operational
29 mines with a consequent loss of employment for hundreds
30



1 of our municipal residents.

2 Closing of additional mines would mean
3 further loss in assessment and tax revenue. This
4 would place an additional burden on the taxpayers who
5 at the same time would be faced with loss of employment
6 making it even more difficult to meet their tax
7 obligations. Our Municipality would be placed in a
8 position whereby they would be forced to curtail the
9 necessary services to our residents, and would be
10 unable to meet our financial obligations for commitments
11 which were previously undertaken.

12 We do not propose to examine in detail the
13 causes of the illness of the Coal Mining Industry or
14 the possible means by which these conditions may be
15 proved. These points will be covered most effectively
16 in other submissions being made to you.

17 There are, however, a few observations which
18 we would like to make regarding possible means of
19 alleviating the condition of the Industry.

20 In the year 1934 the Province of Nova Scotia
21 enacted legislation imposing a tax on all fuel oil used
22 for the heating of any building within the Province.
23 This act was never proclaimed but the great inroads
24 made by fuel oil for domestic use in the present day
25 warrants, it is submitted, the enactment and proclamation
26 of similar legislation.

27 At the same time, the sale of coal has been
28 hampered by increases in price to some extent
29 necessitated by increases granted in freight rates.
30



1 This again is in direct contrast to the use of oil
2 which has an agreed freight rate that gives it an
3 additional premium in relation to the sale of coal.

4 It is also felt that a central marketing
5 agency, established to effect the sale of surplus coal,
6 such as is presently done in the sale of wheat and other
7 food products, would greatly increase the potential market
8 for the coal product. The Dominion Coal Board, it is
9 submitted, could form such an agency and we recommend
10 that this possibility be investigated further.

11 Efforts have recently been made in this
12 area to institute strip mining of coal. Past experience
13 of operations of this nature have been most unfortunate
14 since these operations afford no permanent industrial
15 benefit, employ very few men, and in the past have
16 effectively destroyed the lands for any other purpose.
17 It is felt that any operation of this nature could only
18 result in further inroads in an already depleted market
19 without any adequate compensating benefits. For this
20 reason we would urge most strongly that a recommendation
21 be made for a prohibition on the strip mining of coal in
22 this County.

23 Additional protection of our Coal Industry
24 could be obtained by the imposition of a federal tax
25 on all imported crude and residual oil. It is
26 suggested that such a tax would not greatly impede our
27 domestic oil industry while it could afford considerable
28 benefit to our coal problem.

29 As Municipal Officials we do not have access
30 to facilities for thorough investigation and research



1 on these recommendations. They will be the subject of
2 detailed submission made to you by others more suitably
3 equipped to enlarge on their desirability. However, we
4 feel, from our limited knowledge, that they warrant
5 most serious and careful scrutiny by the Commission,
6 and we wish to voice our support and approval for
7 them.

8 Our main concern is the Welfare of this
9 Municipality and to impress on the Commission the
10 absolute necessity of the coal mining industry to
11 our economy.

12 Finally we wish to express our appreciation
13 of the opportunity to present our brief as well as
14 the courtesy and consideration extended to us by the
15 Commission.

16 THE CHAIRMAN: There is only one question
17 I wish to put to you. You speak of an agreed freight
18 rate. What do you mean by that?

19 MR. ANDREWS: Well sir my understanding
20 is that is in reference to oil and there is an
21 agreement between the carrier and the company permitting
22 the company to transport oil over the railways on an
23 agreed rate. It fluctuates, and I understand it would
24 require a great deal of study before the individual
25 could understand it fully, but nevertheless I
26 understand it does exist.

27 THE CHAIRMAN: But that is what we call an
28 agreed charge.

29 MR. ANDREWS: That is correct sir.
30



1 THE CHAIRMAN: The agreed charge is open
2 to all kinds of freight carriers. It arises only
3 when you have competing services and the agreed
4 charge involves an agreement by the shipper to ship
5 all his goods, by, say, railway as against railway
6 and truck.

7 You have that agreed charge in coal in
8 Saskatchewan. It just happens that apparently there
9 is no such competition as could be made the subject
10 of an agreed charge in this Province, but it is
11 entirely open over the whole Dominion. There is
12 no discrimination against coal; simply that the
13 situation, apparently, has not yet arisen. It is
14 an effective means of bringing traffic to the railway.
15 That is all.

16 MR. ANDREWS: I see sir.

17 THE CHAIRMAN: There is no preference to
18 oil over coal. It applies to all sorts; any kind of
19 goods that are shipped by rail carrier. Any questions?

20 MR. ANDREWS: Thank you.

21 THE CHAIRMAN: Is there anything new in the
22 next brief?

23 MR. ANDREWS: No sir. They are quite
24 repetitive. I suppose our problems are very similar.
25 That is a different Municipal Unit, but this is a
26 representation of all Municipal Units in this area
27 in the County of Cape Breton.

28 THE CHAIRMAN: If you could point out the
29 features which are not fully covered by your first
30 one, it might enable us to get over it.



1 MR. ANDREWS: I would have preferred to do
2 that sir had this one been presented first. This
3 brief I am to present now is on behalf of 135,000
4 people, whereas the other one was on behalf of
5 37,000.

6 THE CHAIRMAN: It might not be more effective.

7 MR. ANDREWS: Possibly not. If it had been
8 the other way around, I would certainly have agreed
9 to it.

10 ---EXHIBIT NO. 35

Commission on behalf of the
Cape Breton Joint Expenditure
Board.

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SUBMISSION OF THE CAPE BRETON JOINT
EXPENDITURE BOARD TO RAND ROYAL COMMISSION
ON COAL

Appearances: Mr. Kenneth Andrews.

Mr. Commissioner:

This brief is being presented on behalf of the Cape Breton Joint Expenditure Board. The Cape Breton Joint Expenditure Board is a Commission established by Nova Scotia Statute, in respect to the Municipal expenditure for the joint benefit of the Municipality and city and towns within the County of Cape Breton. On the Board are representatives from the City of Sydney, the Towns of Glace Bay, New Waterford, North Sydney, Sydney Mines, Louisbourg, and Dominion, and the Municipality of the County of Cape Breton.

It is realized by the Board, that submission to your Commission will be made by coal operators, Unions, and various municipalities. We do not wish to be repetitive, and we feel that recommendations as to the help needed by the coal industry will be made by groups who are probably much closer to the problem than we are. The Cape Breton Joint Expenditure Board wishes most emphatically to support the stand taken by District 26 of the United Mine Workers of America in regard to the use of residual oil and natural gas in Canada, and the importation of American coal into Canada. And we do endorse the recommendations that have been made and will be made by that Union on these matters.



1 Although the Joint Expenditure Board is not,
2 perhaps, as close to the actual problems facing the
3 coal Industry, as are other groups, we are most
4 sensitive to the effects of any slowdown in the
5 production of coal. And, above all, we are in very
6 close touch with the people, the men, women and children,
7 who are so seriously affected by a slackening in production.

8 This is the point that we wish to emphasize!
9 That this Commission in its deliberations and in its
10 recommendations, will not for one moment forget the
11 social impact of the closing of any of our Cape Breton
12 coal mines. That, regardless of economic pressures or
13 the march of progress, or any other materialistic
14 factors, the lives, the homes, the institutions of
15 a large proportion of our population are being
16 jeopardized, by the threat of deprivation of their
17 traditional occupation!

18 Coal has been mined in Cape Breton Island from
19 before the founding of Louisbourg and has been mined ever
20 since, providing work, food and shelter for the people
21 of Eastern Nova Scotia. Through the years a huge and
22 stable industry has been built and maintained. Towns
23 such as Glace Bay, Dominion, New Waterford and Sydney
24 Mines are one industry towns, based and built upon coal.
25 Areas such as Bras d'Or, Florence, New Victoria, Reserve
26 Mines, Lingan, Donkin and Port Morien, are directly
27 dependent upon the continuance of coal mining in their
28 communities. One of the main factors in the establishment
29 of the Sydney Steel Plant was the close existence of an
30



1 abundant coal supply. All these communities have grown
2 up with and because of the coal industry.

3 Today in Cape Breton County, roughly 135,000
4 people live and work, all of whom are to a greater or
5 lesser degree dependent upon the production of coal.
6 The real valuation of assessable property in the County
7 of Cape Breton would approach 300 million dollars.
8 Excluded from this figure is the value of the schools,
9 the churches and public buildings. This value cannot
10 be calculated in dollars and cents. The culture, the
11 social life, the spiritual life of these communities
12 are elements which were not created overnight. The
13 Cape Breton Communities are not mushroom mining towns,
14 born to bloom for a few short years, then die as
15 quickly as they were created.

16 The toil, the sweat, the heartbreak of hundreds
17 of years, and the spirit and indomitable courage of
18 thousands of remarkable people, have gone into the building
19 of a city, towns, churches and schools, that represent
20 a way of life. The people of Cape Breton Island have
21 their roots here; roots that go back for generations.
22 They will not willingly leave their homes. They will
23 stay in Cape Breton if the coal mines are closed, and
24 in all likelihood deplete the federal treasury, by
25 way of first of all unemployment insurance, then by
26 public relief of different kinds. There will be no
27 income taxes paid because there will be no income. There
28 will be few indirect taxes paid, because they will not
29 be buying goods when their incomes are reduced. The
30 drain on the federal treasury will be far greater than



1 the few millions paid out to subsidize the coal industry.

2 The effect on a people's pride and purpose in
3 living will also be disastrous. Keeping our people
4 employed, helps them keep their self respect. The
5 proud independent self respect of a people, who across
6 Canada led the enlistment rates in two world wars;
7 ready and willing to offer themselves on behalf of
8 their country.

9 We do not think that Cape Bretoners are being
10 too demanding, when they now ask their country for
11 assistance to survive, until stability in the mines
12 can be attained.

13 The effect on the rest of Canada should also
14 be considered. Cape BretonCounty for years has provided
15 a lucrative market for goods from Quebec and Ontario.
16 Nearly all types of manufactured goods which are made
17 in upper Canadian Provinces are sold here. The Canadian
18 automobile industry (which itself is protected by the
19 federal government) has a rich market in Cape Breton,
20 which could disappear.



1 Radios, television sets, refrigerators, and other home
2 appliances are manufactured in other provinces, and sold
3 in Cape Breton. Even fruit from southern Ontario and
4 confectionery from Ontario and Quebec flood this market.
5 It is entirely probable that the dislocation of the
6 coal mining industry will have a very harmful effect on
7 industries far removed from Cape Breton.

8 The closing of collieries reduces the
9 tax income of the County in a multiplicity of ways.
10 The direct assessment on the collieries disappears,
11 business firms close up shop, homes are deserted.
12 All of which means that income from property assessment
13 for the municipalities is drastically reduced. Therefore
14 the necessary services cannot be supplied. At the
15 present time, we have 35,815 pupils attending school
16 in the County of Cape Breton. There are 1089 classrooms
17 including libraries and laboratories, and 21 auditoriums.
18 Many more are required and some presently are being
19 constructed. If the revenue from taxation is reduced,
20 these classrooms may not be built. Over 100 churches
21 which have been erected with diligence and reverence,
22 rely upon the income of their adherents for main-
23 tenance and support.

24 Mr. Commissioner, we have attempted to point
25 out to you that great social losses must necessarily
26 be involved in the closing of any of our coal mines.
27 With the whole industry in jeopardy, the prospective
28 social losses will be much greater. It is the submission
29 of the Cape Breton Joint Expenditure Board, that no
30



1 effort on the part of the government to assure the
2 continued operation of all Cape Breton coal mines
3 should be spared. We hope that your commission will
4 give careful consideration to the maintenance of our
5 existing coal industry, and on behalf of the people
6 whom we represent, we place our confidence and our trust
7 in your ability to find a solution that will ensure a
8 continued, prosperous existence for the people of
9 Cape Breton County.

10 Thank you sir.

11 THE CHAIRMAN: There are just two or three
12 questions I would like to put to you. When you speak
13 of people pulling up their roots, who have they in
14 mind? People of Scottish decent?

15 MR. ANDREWS: Well, it was suggested to
16 me a great many, sir, but primarily these people who
17 have been here for generations.

18 THE CHAIRMAN: Yes, but they came originally
19 from Scotland?

20 MR. ANDREWS: Yes.

21 THE CHAIRMAN: They pulled up their roots
22 in Scotland.

23 MR. ANDREWS: Some years ago.

24 THE CHAIRMAN: Do you think they were as
25 much attached to Scotland as the people of Cape Breton
26 are attached to Cape Breton?

27 MR. ANDREWS: It is quite possible, but
28 it may have been a task for them to uproot
29 as it will be now.
30



1 THE CHAIRMAN: But they did.

2 MR. ANDREWS: We would prefer not to, however.

3 THE CHAIRMAN: That is so, but I am speaking
4 of what is almost a council of despair, that their pride
5 would not be maintained as it was in Scotland. If
6 necessary, and I hope it will never be necessary, but if
7 it were, do you think Scottish blood would show its
8 pride by walking the streets? I don't think so. But
9 I just wanted to make that remark in passing because
10 this land only a relatively few years ago was peopled
11 by people who had torn up their roots and had left
12 their old native land to come to a new land.

13 Now, you speak of schooling. What do you
14 say of the desirability of trade or vocational schools
15 in this district?

16 MR. ANDREWS: We are of course very much
17 interested.

18 THE CHAIRMAN: How long have you been
19 actively interested in it?

20 MR. ANDREWS: I haven't been in Municipal
21 affairs before two years, but previous to that people
22 in Municipal affairs have been very interested, and
23 I think the Provincial Government have been possibly
24 for a period of five or six years.

25 THE CHAIRMAN: Why haven't they settled the
26 question if they think it ought to be established here?

27 MR. ANDREWS: It could be that our obligations
28 for our regular schooling are so substantial at the
29 present time. Some of the smaller Municipal units
30 may be somewhat hesitant. However, I will



1 agree it will be a good thing and certainly if they
2 can see their way clear, it will be built, but they
3 have taken considerable obligations in other areas
4 of education, and they hesitate now to undertake
5 something further. It is not that in all the Municipal
6 Units -- most of them consider it to be an excellent
7 thing, and they are all very desirous of having it.
8 I feel quite sure, my self, in time it will come.
9 I hope not in the too distant future.

10 THE CHAIRMAN: I should think that it would
11 be a most splendid addition to your school facilities.

12 MR. ANDREWS: It would be, sir. In that
13 field we have probably fallen down a little when you
14 consider a recent survey indicated that of the pupils
15 in grade 6, six years later, twenty-one per cent of
16 them were in grade 12. That means one of five. We
17 are not adequately looking after the other four.

18 THE CHAIRMAN: You are not lacking in sympathy
19 for those who desire to equip themselves with skills
20 or with an education at the higher levels, to go out
21 in the other sections of Canada and help to build them
22 up?

23 MR. ANDREWS: No, sir. We are quite happy
24 to provide them with other facilities, and we will
25 be quite happy to provide them with vocational education
26 also.

27 THE CHAIRMAN: Any questions? Thank you.

28 MR. ANDREWS: Thank you very much, sir.

29 MR. ELLIS: Mr. Commissioner I would like
30 to call upon Mr. M.R. Chappell who will present a brief



1 on behalf of the Associated Board of Trade of Cape
2 Breton. This brief will become Exhibit 36.

3
4 ---EXHIBIT NO. 36

Submission of brief by the
Associated Boards of Trade
of Cape Breton Island.



BRIEF SUBMITTED BY THE ASSOCIATED BOARDS
OF TRADE OF CAPE BRETON ISLAND

Appearances: Mr. M.R. Chappell

THE CHAIRMAN: Yes, Mr. Chappell?

MR. CHAPPELL: Your Honour and Commissioners

I may say, as representing a very large section of the Island of Cape Breton, representing fourteen Boards of Trade associated with Board of Trade of Cape Breton, I want to express our appreciation of the appointment of this Commission, and you, sir, as the Chairman. I hope that the deliberations, the information that will be presented to you, will enable you to come to conclusions that will be most satisfactory to our economy.

This is termed a brief, sir, and it is brief. You have had presented to you, and you have others coming in giving more particulars and details in connection with this situation than I am offering. It is more or less to let you know, your Commission, that the people of Cape Breton Island represented by the Board of Trade, are one hundred per cent behind the whole movement, your own findings included, sir.

Our geographical proximity to the United States exposes all Canadian manufacture and some basic products to natural competition from larger volume and preferable production opportunities.

Only through some form of protection, direct or indirect assistance, can most Canadian manufactured products and these basic products, with an adverse



1 production ratio of 10 to 1, survive the competition
2 for markets. The ratio of 10 to 1 refers to U.S.A.
3 or other countries, where manufacturers of an article
4 or suppliers of a basic product have a potential market
5 ten times as great as the manufacturers of a similar
6 article, or basic product, have in Canada. Exchange,
7 wage rates, economic conditions, and standards of living
8 would also have a bearing.

9 Too few Canadians realize that regardless of
10 the method used to equalize the difference in cost
11 between a Canadian article and its American counterpart,
12 the total retail cost difference comes out of the
13 Canadian consumer's pocket. Import duties, legal minimum
14 freight charges by nationally-owned or subsidized carriers,
15 freight subventions on the movement of goods and products,
16 direct subsidies or other aids are justifiable means
17 of perpetuating jobs in Canada. Only through jobs can
18 the Canadian economy be sound. Only through jobs can
19 the Canadian living standards continue to improve, but
20 the cost of perpetuating jobs, in essence, comes out of
21 the pocket of each Canadian citizen. Every taxpayer
22 contributes to these costs.

23 Coal from Eastern Canada is not excepted from
24 this long list of somehow aided or protected manufactured
25 and basic products. Coal today is an energy resource
26 so valuable to Canada, that even while the Canadian coal
27 industry is in an economic chaos because of insufficient
28 revenue and its inability to economically take advantage
29 of some of the natural demand, most of the bituminous coal
30 consumed by industry and Canadians comes from the United

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1 we feel, would result in providing very economical and

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1 for which Canadians are traditionally known. Awareness
2 of such thinking by even some Canadians is resented
3 in the Maritimes, damaging to national unity and
4 conducive to the lessening of common morals. History
5 and examination of the record proves the stout loyalty
6 to Canadian principles and the appreciation for common
7 welfare shared generally by the people of the Maritimes
8 in peace and war.

9 No effort will be made here to enter into
10 any discussions of the physical, technical or economic
11 problems encountered by the coal industry of Nova
12 Scotia. Nor will there be any attempt to advance specific
13 technical or economic solutions. We presume there will
14 be presentations made by others more qualified. We would
15 respectfully suggest that it is our hope that representa-
16 tives of various firms and groups, who employ qualified
17 technical staffs, will be submitting briefs to Her
18 Majesty's Commission, which briefs will contain definite
19 facts and figures regarding transportation, engineering,
20 marketing, production, research, and the many other
21 factors that affect the problem confronting the Commission,
22 particularly in the area of research, both from the view
23 point of the development of by-products of coal as an
24 outlet, and from the view point of the use of coal
25 as a fuel. As an example of the latter, we would suggest
26 a more intensive research towards the end of using a
27 single thermal heating unit to supply heat to housing
28 project groups, city blocks, etc., by metering heat
29 from the central thermal power station to the various
30 individual units. This field of research in itself,



FF10 1 we feel, would result in providing very economical and
2 efficient heat at greatly ultimate reduced cost to the
3 consumer. If such briefs are not submitted, we would
4 respectfully suggest that the Honorable Commission
5 could obtain these facts from the Federal Research
6 Department, Bureau of Statistics, engineering staffs
7 of the companies involved, and other sources. Should
8 it be felt that the Associated Boards of Trade of
9 Cape Breton Island could be of any assistance to the
10 Commission, we would be very happy to receive any
11 directive from the Commission.

12 It is our purpose here only to offer our
13 support of the respective presentations, express our
14 implicit faith in the ability of Her Majesty's Commission
15 to find, recommend and present practical solutions to
16 challenging problems and to urge that these solutions
17 have an adequate degree of permanency, thus resulting
18 in reasonable stability and our greater contribution
19 to the progress and growth of a strong and free nation.

20 In closing, we herewith restate our convictions
21 that regardless of size or type ownership, the biggest
22 and best contribution to national strength and acceptable
23 living standards can only be made by industry while
24 experiencing economic stability, because only thereby
25 can employment be promoted and perpetuated.
26 Respectively submitted.

27 THE CHAIRMAN: Any questions? Thank you,
28 Mr. Chappell.

29 MR. CHAPPELL: Thank you.

30 MR. BUCK: Is Mr. Dubinsky present?



1 The next brief will be presented by Mr. Dubinsky on
2 behalf of the Fraternal Organizations of Glace Bay
3 and Environs. Exhibit 37.

4 THE CHAIRMAN: Yes, Mr. Dubinsky.

5
6 ---EXHIBIT NO. 37 Resolution submitted to the
7 Rand Commission on Coal by the
8 Fraternal Organizations of
9 Glace Bay and Environs.

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SUBMISSION BY THE FRATERNAL ORGANIZATIONS OF
GLACE BAY AND ENVIRONS



1 MR. DUBINSKY: This is a resolution, not a
2 brief in the sense that you have been receiving them.
3 It is a resolution submitted to the Rand Commission
4 on Coal by the Fraternal Organizations of Glace Bay
5 and Environs.

6 As an expression of our vital interest in the
7 investigation and study being made by you, as a Royal
8 Commission, of the vast problems affecting our great
9 coal industry, the several fraternal organizations and
10 societies in the Town of Glace Bay and its surrounding
11 area, deem it a distinct privilege and pleasure to
12 address to you the following resolution. I may say,
13 my Lord, that I have been asked by the Committee to
14 read the resolution to you.

15 THE CHAIRMAN: Yes, certainly.

16 MR. DUBINSKY: Whereas the organizations whose
17 names are appended to this resolution, representing
18 various segments and points of view of our population,
19 have met in joint session and after due deliberation
20 are in complete agreement and unanimously in support of
21 the expression of opinion set forth in the within
22 resolution; and

23 Whereas we are aware from constant daily
24 experience of the extent to which several centres of
25 population on the Island of Cape Breton have developed
26 and grown as a result of coal mining operations and of
27 their complete dependence on coal for their existence;
28 that over one hundred thousand people are directly or
29 indirectly affected by the coal industry of Nova Scotia;
30 that substantial communities have been established with



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1 strong Municipal governments; that fine churches,
2 schools, hospitals, and other public buildings and
3 institutions have been erected; that businesses and small
4 industries have been established; that a substantial
5 proportion of the mine workers own their own homes;
6 in short, that the blood, the nerve, and the sinew
7 of the very being of our communities depend upon the
8 continued operation of all existing coal mines; and

9 Whereas the coal mining communities of
10 Cape Breton have contributed to the economic and political
11 life of Nova Scotia in a very great measure and have
12 played their part in the life of Canada as a whole,
13 particularly during the First and Second World Wars,
14 when the record of enlistments of their men and women
15 in the Armed Forces was outstanding if indeed it was
16 not the highest proportion in the land; and

17 Whereas it is our sincere belief that the
18 coal industry in Cape Breton has richly merited
19 assistance and consideration by Governmental authorities
20 because of the part it has played in the economy of
21 the country, particularly when one considers the
22 revenues, governmental and otherwise which accrue from
23 the coal industry, the commodity consuming capacity
24 of the coal communities, and the huge amount of consumer
25 goods purchased from upper Canada; and

26 Whereas these fraternal organizations of
27 Glace Bay and environs, having most sincerely welcomed
28 the news of the appointment of yourself, a distinguished
29 retired Justice of the Supreme Court of Canada by Royal
30 authority duly constituted as a Commission on coal,



1 and knowing full well the experience and ability of
2 yourself in the legal and judicial life of Canada,
3 do repose in you the utmost confidence of our entire
4 membership, that you will be guided to make suggestions
5 and decisions and that you will report in due course
6 constructive action that will protect and maintain
7 not only our present industry and its markets but will
8 become a guide to a stable economy with ensuing benefits
9 to all people in the coal producing areas of Nova
10 Scotia; and

11 Whereas you, Sir, have seen fit to visit
12 the County of Cape Breton as part of the Commission's
13 investigations to see at first hand the working of
14 our Coal mines and to hear the views of all interested
15 parties, and therefore we join with all other citizens
16 of Cape Breton in extending to you a most sincere . .
17 and hearty welcome and expressing the hope that your
18 stay and work among us will be most pleasant and
19 fruitful; and

20 Whereas our concern, as indeed we know yours
21 too, regarding the future of coal is not only for the
22 industry as such but for the welfare of our coal
23 miners, our communities, families, institutions and
24 organizations as now established;

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Therefore be it resolved that we express
to you, Sir, our prayerful support and interest in
the heavy tasks which are your lot as a Royal
Commission investigating these problems; that we wish
you success in your deliberations; that we pray that
Divine Providence will guide you and assist you in
your assigned duties, and that the result of your
deliberations will mean the continued existence of
our communities, and that the dreaded possibility
of closure of our mines with all the attendant hard-
ship, privation and sorrow will be removed permanently
from our midst and that the people of our several
mining communities may live their lives in the
dignity of gainful labour.

Dated at Glace Bay, N.S., this 16th day
of March, in the year 1960.

All of which is respectfully submitted on
behalf of the following Fraternal Organizations:

TYRIAN YOUTH LODGE NO. 45, A.F. & A.M.

TRIUNE LODGE NO. 75 I.O.O.F.

GLACE BAY LODGE NO. 33, KNIGHTS OF PHTHIAS

ABERDEEN LODGE NO. 68 I.O.O.F.

GLACE BAY COUNCIL NO. 1953, KNIGHTS OF
COLUMBUS

GOLDEN STAR ROYAL BLACK PERCEPTORY, NO. 358

CALEDONIA L.O.L., NO. 1596.

MacDOUGALL L.O.L., NO. 1223

DIVISION NO. 3 A.O.H.

MARTIN LODGE NO. 101, I.O.O.F.

BNAI BRITH LODGE NO. 1183



DISTRICT OFFICERS:

John J. McPherson, District Deputy Grand Master,
District No. 1, I.O.O.F.

Hector S. MacNeil, District Deputy,
District No. 1, Knights of Columbus.

Charles S. Sterns, District Deputy Grand Master,
A.F. & A.M. - Nova Scotia.

George Gardiner, County Master, Cape Breton
County L.O.L.

Dan MacKenzie, District Deputy
District No. 1, Knights of Pythias.

Fred P. Musgrave, Faithful Navigator,
Rev. Wm. B. McLeod, General Assembly,
Fourth Degree Knights of Columbus.

Harry Hirsch, President,
Cape Breton Lodge Bnai Brith.

THE CHAIRMAN: Thank you, Mr. Dubinsky.

MR. BUCK: Your resolution will be entered
in the Commission proceedings as Exhibit 37.

MR. ELLIS: Mr. Commissioner, I would like
to enquire if the representative of the Town of
Louisbourg is present this afternoon?

The several gentleman representing the
remaining briefs have asked me for their separate
reasons if they could present their separate material
in the morning, and that is all the material we have
for this afternoon.

THE CHAIRMAN: Then we will adjourn until
tomorrow morning until 9:30.

ROYAL COMMISSION

ON

COAL

UNCORRECTED TRANSCRIPT

Royal Commission on Coal(1959)

HEARINGS

HELD AT

SIDNEY

Nova Scotia

VOLUME No.:

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1 MR. BUCK: I think it is about time to start
2 now, gentlemen. Would you again refrain from smoking
3 during the proceedings.

4 The first brief this morning will be presented
5 by the Reverend M. French on behalf of the Anglican
6 Deanery of Cape Breton. This brief will be Exhibit Number
7 38 in the proceedings of the Commission.

8 REVEREND M. FRENCH:

9 THE RAND COMMISSION ON COAL (1959)

10 Mr. Justice Ivan Rand,
11 Sir,

12 We, the Anglican Clergy of Cape Breton Deanery,
13 Diocese of Nova Scotia, respectfully submit for your con-
14 sideration the following brief statement on the moral and
15 social factors which, we believe, are involved in the prob-
16 lems of our communities in the coal area. Others will deal
17 quite adequately with the economic factors, and we share
18 in the general concern. However, while we acknowledge
19 that the economic and social factors are inseparable, we
20 beg your indulgence to allow us to emphasize the moral and
21 the social implications rather than the economic.

22 First, we state our belief that moral and
23 social causes, as well as economic, lie at the root of
24 our problems in the coal industry. We believe it is an
25 oversimplification to state that our economic problems are
26 the automatic responses to economic causes. We must not
27 regard society primarily as an economic machine. To do
28 so is to accept a counsel of despair. In our present
29 situation we believe that the causes of our problems are
30 social and moral, as well as economic.



1 Therefore we affirm that there is need of a
2 new point of view (rather than the purely economic one)
3 in industry. It is personality that is sacred, and not
4 economic values. We must proclaim the doctrine of the
5 value of personality, the infinite worth of the individual,
6 the supremacy of the children of men over profits, machines
7 and organizations, -- that human values must come first.

8 We acknowledge that it is difficult to do
9 this in drastic competition; nevertheless, the captains
10 of industry must order their business on the basis of
11 human values -- the human element first. If industry will
12 not do so, then government must be called upon for positive
13 and constructive measures to ensure that it is done. In
14 the frequent conflict between what is economically feasible
15 and what is socially necessary, that which is socially
16 necessary must take precedence. Human values must not be
17 sacrificed on the field of economic feasibility. This is
18 generally true, but we believe it applies particularly to
19 our present problems and the solutions. In areas such as
20 ours, where activity or inactivity in the coal industry
21 affects, for life or death, the whole community economic-
22 ally, socially, morally, psychologically, we believe that
23 the approach to the problems, their causes and results,
24 should be primarily on the basis of human values rather than
25 economic values.

26 Secondly, just as there are social and economic
27 forces which produce our problems, so the problems them-
28 selves are not primarily economic, but social as well.
29 Statistics make very clear the economic problems, but
30 statistics are only inadequate indicators of desperate



1 social, moral and psychological effects.

2 Down through the history of our coal mines,
3 uncertainty, instability, the constant threat of unemploy-
4 ment, have always left their mark on the people and
5 communities. This is evident in the psychological outlook
6 as well as in the outward appearances of our mining comm-
7 unities.

8 Further closures and increased unemployment
9 will make the dislocation of social life intolerable. To
10 the economic suffering will have to be added the incalcul-
11 able moral and psychological cost of such profound dis-
12 locations of social life. There are many examples in the
13 areas of education, public health, housing, morals and
14 others. The degradation, the frustration, all the devastat-
15 ing effects of unemployment or partial employment, of
16 uncertainty and instability are immeasurable. We cite
17 especially a problem which is basic in the modern social
18 order. Economic distress is devastating to the home and
19 family, the very foundation of society. This can only
20 result in upheavals which are universal in their implic-
21 ations.

22 In conclusion, we state that it is not for
23 us, at the present time, to offer a social, any more than
24 an economic blueprint for the solution of the problems.
25 Abstract as this brief may appear to be, it is our hope
26 that it will nevertheless help to proclaim some basic
27 moral and social principles which must govern all efforts
28 at producing solutions, that it will prompt answers which
29 may be classified under three main heads:
30



(1) Long-range and far-reaching solutions, which remove the causes of our economic and social problems should be sought and applied, not 'ad hoc' remedial measures, various social services and benefits which may diminish unemployment and mitigate its hardships temporarily, but do not remove the basic causes of our problems, and sometimes increase the sense of frustration.

(2) The worker should have a voice in the policy and conduct of the industry in which he is engaged.

(3) Human welfare must be placed above all other considerations in arriving at solutions.

We firmly believe that when the structure of society conforms to this last basic principle, we are well on the way, under God, to laying the foundation for the full and complete life for all citizens, which is their God-given right.

THE CHAIRMAN: Thank you.

MR. BUCK: Is there anyone here from the Town of Louisberg? Is there anyone here representing the Town of Glace Bay as yet? Is there anyone representing the City of Sydney?

Mr. Commissioner, the next brief will be presented by Mr. Michael Walley on behalf of the City of Sydney. This brief will be entered into the proceedings of the Commission as Exhibit 39.

MR. MICHAEL WALLEY: Mr. Commissioner, I have been asked to present this brief on behalf of the New Industries Committee of the City of Sydney Council.

As an explanatory note, the New Industries Committee of the Sydney City Council was started about



1 two and one half years ago in an effort to promote new
2 industries in the area generally, and one of the offshoots
3 of this Committee is the Cape Breton Industrial Development
4 Council.

5 Although Sydney is generally regarded as a
6 steel centre, nevertheless it has a very close community
7 and business relationship with the surrounding coal centres
8 which combine with it to make up the industrial area of
9 Cape Breton. The contribution which the coal industry
10 makes directly to the economy of the City of Sydney is
11 very real, due to the fact that it supplies some of the
12 raw materials for the operation of our basic steel industry.
13 This industry is not only a big factor in the economy of
14 the City of Sydney, but of the Province of Nova Scotia
15 as well. The close proximity of Cape Breton coal fields
16 to Sydney Harbor was a very strong economic factor in the
17 choosing of the site for this plant, and no doubt will
18 continue to be a strong factor in its maintaining its
19 important place among steel-producing plants in Canada.

20 Not only is there a close association in the
21 steel manufacturing business, but also in the generation
22 of power. The Seaboard Power Corporation Limited which
23 supplies the power to industrial Cape Breton is a large
24 user of this coal. A steady supply of power at a reason-
25 able cost is necessary to continued successful operations
26 of any community, and maintenance of the coal industry
27 at a high volume of production is vital if this power
28 company is to be able to purchase its energy-producing
29 raw materials at a reasonable cost.
30



1 As a municipal body, the City of Sydney is
2 vitally concerned that the economy of the other municipal-
3 ities be maintained at a constant level in order that
4 these units may be able to meet their commitments in
5 maintaining joint services to which the City of Sydney
6 is a contributor. The economic conditions in any municipal
7 unit have a great bearing on their ability to pay their
8 obligations, and for that reason we are also anxious that
9 the coal industry be maintained at a high level of produc-
10 tion.

11 Although the prime producing section of the coal
12 industry is located in the towns surrounding Sydney, never-
13 theless, Sydney is also connected with the coal industry
14 in a very direct way through the coal shipping facilities
15 it offers, not only by water but by rail as well. The
16 Dominion Coal Company Limited maintains shipping piers
17 on Sydney Harbor in conjunction with the Steel Plant, and
18 these docks provide employment for a considerable number
19 of people in the Sydney area. In addition to the employment
20 offered by the shipping facilities themselves, there is
21 considerable auxiliary employment offered and commerce
22 generated by the ships themselves in the way of supply,
23 repairs and other services. Thus, the volume of
24 shipping which is required by the coal industry on
25 Sydney Harbor is a small industry in itself, and
26 any suggestion that this industry would be curtailed
27 would be viewed very seriously by citizens of this
28 community.
29
30



1 Due to the geographical location of the mining
2 areas in relation to the main line which terminates in
3 Sydney, considerable rail traffic in coal is carried
4 through our City on both the Canadian National Railways,
5 and Sydney and Louisbourg Railway Lines. This traffic is
6 made up of large shipments to the Sydney Steel Plant, to
7 markets in other parts of Canada and, as well, shipments
8 of coal which are sent to the processing facilities in
9 Sydney Mines for re-distribution in the Cape Breton
10 Industrial Area. These rail shipments of course, result
11 in considerable employment for the Sydney area; not only
12 for the operating crews themselves, but also in the
13 maintenance and repair of the equipment used. For this
14 reason also, the City of Sydney is vitally concerned with
15 the maintenance of the volume of coal shipments at a very high level

16 Sydney, as well as being located in the centre is the
17 capital of Cape Breton County and consequently the centre of
18 of commerce for the industrial area. Any economic recess-
19 ion in any part of this community will naturally be of
20 vital concern to the City. We would be willing to co-
21 operate in any way possible to promote any course of action
22 which will ensure that the coal-mining industry is not dis-
23 rupted, due to temporary marketing conditions.

24 We also feel that the coal industry has a
25 very vital role in the whole economic structure of the
26 Province of Nova Scotia and the level of income which
27 has been maintained in this area over the years has been
28 a very real contributing factor to the stabilization
29 of the financial condition of the Province as a whole.
30



1 The Cape Breton market is the second largest in the four
2 Atlantic Provinces having over 60% more population than
3 the whole province of Prince Edward Island; also, over
4 the years it has had a high income rate compared to other
5 sections of the Atlantic Provinces and Canada as a whole.
6 One thing resulting from this, is the very heavy concent-
7 ration of motor vehicles in the area, which has been a
8 very great source of revenue for the Provincial Government
9 in the form of gasoline taxes. This, from an area in
10 which percentagewise, the Province maintains a comparatively
11 small proportion of the road mileage over which these
12 vehicles operate for the major portion of the time.

13 I am sure, Mr. Chairman, that the main facets
14 of the coal industry have been presented to you in detail
15 through the many briefs which have been submitted to you
16 during the hearings of this Commission. We do not wish
17 to labour the various technical aspects of the industry
18 nor its marketing and production positions. We feel
19 that this has been adequately covered by the operators and
20 others concerned directly with the industry. However, we
21 do wish to point out the importance of the industry to the
22 area, not only of the mining towns themselves, but the
23 whole island of Cape Breton. Not only is the City of
24 Sydney concerned with this industry, but also the County
25 and areas throughout the Island because of the market
26 which certain of their people find for forest products in
27 this industry. Pit props have long been a dependable
28 source of income for farmers in slack winter periods. As
29 a matter of fact, Mr. Chairman, it is very difficult to
30



1 point to any area of Cape Breton Island with its population
2 in excess of 170,000 people, and not find some part of
3 the business activity which would be affected by serious
4 disruption in this industry.

5 Many suggestions, we know, have been made which
6 would result in solutions to the present problems in the
7 coal industry and we hope that these will be investigated
8 thoroughly and that many of them will be implemented.
9 We are familiar with certain of the suggestions and
10 endorse them and we would like to offer a few additional
11 suggestions connected with its present position.

12 At the present time the Sydney Steel Plant is
13 operating as a basic steel plant with very few finished
14 products being produced here. One of the reasons given
15 for the fact that finishing facilities are not set up in
16 conjunction with the Sydney Steel Plant, is that shipping
17 costs of finished products by rail make competition in the
18 central Canadian market very difficult, if not impossible.
19 This means, of course, that the production of the Sydney
20 Steel Plant is not as high as it could be if these finish-
21 ing facilities were operated here. Consequently, the
22 consumption of coal by this industry for metallurgical, as
23 well as for power generating purposes, is not nearly
24 as high as it could be, nor have auxiliary industry estab-
25 lished here in conjunction with it. The effect of these
26 heavy freight charges on finished products is similar to
27 the erection of a tariff wall between the Maritime Prov-
28 inces and the Central Canadian market. This is just as
29 much a restriction of trade as the tariff wall which is
30



1 operating between Canada and the United States. It means
2 in effect, Mr. Chairman, that the steel industry and con-
3 sequently the coal industry in this area are being pro-
4 hibited by artificial economic factors from reaching the
5 full potential possible in this industrial community. In
6 addition, the Central Canadian competitors of the local
7 steel plant have had their development accelerated because
8 of these same factors.

9 To develop this matter a bit further, Mr.
10 Chairman, a great deal has been made of the supposed
11 very great support given to the Maritime coal industry
12 over the years. Comparatively speaking, this support is
13 not as great as that given to other industries in Canada.
14 Some people even have the audacity to suggest that this
15 type of support should not be continued indefinitely as
16 it supposedly indicates that the industry is not able to
17 stand on its own feet. These people would seem to suggest
18 that all the other individual parts of this nation are
19 made to pay for the transportation services which are
20 extended to them according to their position in the nation.
21 This is not the case, Mr. Chairman, and a study of the
22 briefs presented to the Royal Commission on transportation
23 will bear this out.

24 It may be argued, that railroads are common
25 carriers in competition with other means of transportation.
26 Nevertheless, Mr. Chairman, it must also be pointed out
27 that of all the means of transportation which Canadians
28 use, the railroads are the only ones which have to maintain
29 their own operational routes. It is well known that the
30



1 running road of the trucking industry is maintained to
2 the largest extent by the contribution of the passenger
3 vehicles and other short-run motor vehicles, as well as
4 common contributions from the central funds of the
5 Provincial and Federal Governments, our airfields are set
6 up by the Federal Department of Transport, our shipping
7 piers in a good many cases are set up in the larger install-
8 ations at least, by Federal Government action, but in the
9 case of our railroads, those centres which are farther
10 away from central Canadian markets pay in proportion to
11 the distance they are from these centres. It may be
12 said that the Federal Government pays the Canadian
13 National Railways deficits, true, but only after the
14 long rail haul costs have first been paid by the mile, by
15 the people using them with finished goods at premium rates.
16 It is just the same, Mr. Chairman, as if provincially a
17 person in one of the country districts had to pay a larger
18 proportion towards highway maintenance than people in
19 the City of Sydney because, population-wise, the road to
20 his home did not contain as many people and he should pay
21 his share of getting the road to his home. It is also
22 similar, Mr. Commissioner, to having to pay the actual
23 cost of transporting a letter from Vancouver to Montreal,
24 rather than having it sent at a cost which allows commerce
25 to use the mails at a reasonable figure.

26 Sooner or later, we must face the fact that
27 Canada as a nation is artificially and unrealistically
28 constituted if it is to be treated sectionally rather
29 than as a whole. No city eight times as long as it is
30



1 wide could expect people to pay fares within its borders
2 which would be based on the distance they live from the
3 bus depot. The Canadian transportation scene is no
4 different. The big central Canadian areas operate their
5 transit systems on a system of equalized fares, but when
6 it comes to nation-wide freight transportation where
7 equalized freight rates would mean competition from the
8 other sections of the country, they say that the Eastern
9 and Western sections of the country should be treated
10 according to the importance their parliamentary member-
11 ship bears to the rest of Canada, rather than as equal
12 members in the nation of Canada.

13 In considering artificial methods used to
14 build up Canadian industry, there is no question, Mr.
15 Chairman, that Canada as a whole has built up the Ontario
16 steel industry, by building the Ontario Automotive industry.
17 This was done by paying hundreds of dollars extra per unit
18 for their motor vehicle transportation, due to the high
19 tariff on these goods instituted to create, protect and
20 expand the Ontario automotive industry, in the face of
21 the American automotive industry. One has only to look
22 at the immediate effect that a slump in this large automo-
23 bile industry has on the economy of the whole area surround-
24 ing those centres where they are manufactured and also
25 directly in all the various steel-making communities as
26 well, to realize just what a big contribution the Canadian
27 people have made to Ontario's prosperity through artific-
28 ially inflated automobile prices to create their industry.
29 Just as the tariff on automobiles has promoted
30



1 this industry, so has the archaic national transportation
2 policy attempted to push the Maritime steel industry into
3 a very difficult competitive position. But, Mr. Chairman,
4 as you and other people know only too well, the people of
5 this area are a very determined type and with all the dis-
6 advantages that have been placed in the way of this steel
7 plant over the years, the dogged determination, ingenuity
8 and perseverance of the operating management group of this
9 industry have not only kept it operating, but have expanded
10 it and indeed in some cases taken business right out from
11 under the noses of these spoonfed operations in Central
12 Canada.

13 These Central Canadian giants are the same
14 industries which could not exist without the very substant-
15 ial tariffs which the Canadian people are forced to pay in
16 order to support their economy and yet, any suggestion
17 of a similar type of tariff on American coal to maintain
18 another very vital Canadian industry, the coal industry,
19 they consider to be not progressive thinking, and something
20 which is not in the national interest.

21 Mr. Chairman, it may seem that this present-
22 ation has deviated from the coal industry for the moment,
23 but we suggest to you, Mr. Chairman, that this coal
24 situation is not a thing by itself; it is intertwined
25 with the various things about which we have spoken, namely,
26 the expansion of the steel industry, the setting up of
27 other new industries in the area, the increase in consumpt-
28 ion of coal for power purposes in other areas and the
29 increase in transportation services required to move coal
30



1 to other areas. All of these things are very adversely
2 affected by the 18th-Century thinking on transportation at
3 the national level.

4 It took a good deal of dedicated work, persua-
5 sion and spirited arguing to bring the nations to the
6 point where they realized that it was in the interests of
7 the nation as a whole to transport mail at a standard
8 rate of a few cents. I suggest to you, Mr. Chairman,
9 that there can never be the demand for coal in this
10 area or any other area of Canada on the scale in which this
11 great energy producer should be used until such time as
12 our transportation charge system is changed to one which
13 operates in the interests of the nation of a whole, that
14 is on an equalized basis similar to our mail rates. Then
15 all sections of the country would have equal access to
16 every other section and there wouldn't be any need for
17 subventions. We could all trade freely according to the
18 merit of our products.

19 We wish however, to suggest immediate action
20 until the above suggestion is implemented. We believe we
21 have clearly shown, Mr. Chairman, that the rest of Canada
22 for years has subsidized the big Ontario industrial con-
23 cerns through increased prices because of these tariffs.
24 Now let us use this same tariff system to serve the same
25 purpose for other parts of Canada. We recommend the placing
26 of an additional tariff on every ton of American coal which
27 is imported into Canada and the use of the proceeds of
28 this tariff to pay temporary subventions on coal from this
29 area in order to land it in the Ontario market at competitive
30



1 prices. We sincerely hope these Ontario areas will be
2 as magnanimous in this case as the rest of Canada has
3 been for years in supporting them. We are not saying that
4 this tariff system has not been in the national interest,
5 but when the same means is proposed and used for the bene-
6 fit of another industry, let us not hear a word from this
7 area whose prosperity has for so long mainly been the
8 result of assistance from the rest of the nation.

9 The impression always seems to be abroad, Mr.
10 Chairman, whenever any suggestion comes from the Maritimes
11 which is going to involve any payment of money by anyone
12 that we are asking for special treatment. We believe,
13 Mr. Chairman, that we have indicated that we are not
14 asking for special treatment, but rather for equal
15 treatment with the rest of Canada. We hope Mr. Chairman,
16 it will be forthcoming in equally as easy a manner as the
17 Prime Minister last week proposed \$41,000,000.00 in pay-
18 ments to the wheat industry.

19 The Cape Breton community has a long history
20 going back over three hundred years. During that long
21 period it has always responded to the utmost of its
22 ability in support of our great nation, whether it was
23 in the form of a high rate of enlistment during war
24 periods, training its native sons to go into some of the
25 top government, educational and business positions in the
26 country, the use of its industries, mines and harbors as
27 a vital part of our war effort in two world wars or
28 whenever the call has been made, it has been answered fully
29 and well. We are not a people to ask favours; on the
30



1 contrary, those who have associated with our people through
2 the years look on us as people who give favours. We ask
3 nothing but fair and equal treatment. We hope, Mr.
4 Chairman, that in the national interest it will be forth-
5 coming.

6 THE CHAIRMAN: I would just like to ask what
7 you mean in suggesting \$41,000,000.00 to the grain industry.
8 That is not in the nature of a subsidy is it?

9 MR. WALLEY: I believe that is in the nature
10 sir of acreage payments on 1958 grain.

11 THE CHAIRMAN: That is just the equivalent
12 of an advance on the grain that has not been harvested.

13 MR. WALLEY: I believe that is true sir.
14 I think that was in the nature of an advance.

15 THE CHAIRMAN: The only thing I would suggest
16 is that these statements ought not to be made unless
17 there is really some support for them because this goes
18 out and some people will think as a fact that we are
19 paying \$41,000,000.00 as a subsidy of some sort to the
20 grain industry. The grain industry is a vital industry
21 to the People of Canada. Don't you think we benefit to
22 some extent by the prosperity of these other Provinces,
23 of Ontario?

24 MR. WALLEY: I think what they are suggesting
25 there, Mr. Commissioner, is that in asking for subsidies
26 that the fact that Western Canada is obtaining money --
27 help from the Federal Government-----

28 THE CHAIRMAN: Yes, but it is just this specif-
29 ic item I am dealing with. I am quite sure that is not a
30



1 gift of any kind.

2 MR. WALLEY: I don't think it was meant in
3 that light, Mr. Commissioner.

4 THE CHAIRMAN: Any questions? (No questions).
5 Thank you.

6 THE SECRETARY: Mr. Commissioner, I would
7 like to call upon the Reverend Hogan who will submit a
8 brief on behalf of Saint Francis Xavier University Exten-
9 sion Department. This brief becomes Exhibit No. 40.

10 --EXHIBIT NO. 40: Submission on behalf of Saint Francis
11 Xavier University.
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SUBMISSION ON BEHALF OF
SAINT FRANCIS XAVIER UNIVERSITY.

APPEARANCE:

Reverend Andrew Hogan.

Mr. Commissioner, you have been appointed by the supreme public authority in Canada to diagnose the condition of the coal industry in Canada. Your task is not just to diagnose, but to prescribe recommendations to help revive the sick industry which has been attacked from without by the healthy viruses of relatively new competing energy sources and the ever present competition of American coal coming into Canada. Of course, as chief diagnostician we have no guarantee that your advice will be accepted or followed.

Some cynics see a Royal Commission as a dodge to sidetrack a problem. We in this end of our great country, given the number of past diagnoses, might easily succumb to this cynicism. However, we know that some good came out of the past Commissions, especially the more recent Carrol Commission of the postwar period. We know, too, of your stature in the public life of this country and are aware that we in this end of Canada, will get an eminently fair treatment as you have been wont to give on so many occasions from the "judicial bench" and in the industrial relations field.

In attempting to diagnose and possibly prescribe you will travel into every coal producing Province in our country. Your diagnosis and prescription regarding this Province will be of particular importance because not only



1 is it the largest producer of coal in Canada but there
2 are particular economic difficulties associated with the
3 production and marketing of our coal. You face the
4 immense sociological and practical social fact that
5 so many of our people in this Province are totally
6 dependent on coal mining as a way of living and have
7 been for many generations. Added to these facts and because
8 of them you find a whole Province with a "vested interest"
9 in coal to a degree unlike any other in the Dominion.

10 The burden of this brief will be to try to
11 aid your diagnosis of and prescription for this coal
12 area and we hope that we shall be of some help to you.
13 The major parties involved: the union as representative
14 of the totally dependent work force; the company --
15 representative of its shareholders; the Province --
16 speaking for all our citizens, and the different municip-
17 alities will all, from their own point of view, try
18 to help you. We, in the Extension Department of St.
19 Francis Xavier, have had a long history in helping to
20 solve some of the economic problems that the people of
21 the Maritimes in general have had to face and our people
22 of this area in particular. Our basic belief has always
23 been that people come first. This recognition of "the
24 primacy of the people" has been with us in Extension more
25 than a much abused cliché. Therefore, what we have to
26 say in this brief will be directly on behalf of the people
27 of this area and will in large measure have to deal with
28 that section of commission's terms of reference which
29 concerns: "the economic and social consequences of
30



1 cessation of mining operations in different district".
2 We feel that this is where we may be of some help to you.
3 We are not coal technicians. We do not know many of the
4 pertinent facts which are best known to Company, Government
5 and Union officials, and we do not wish to pose as experts
6 in many of the technical details that are best supplied
7 by others. Because of these things: namely our dedication
8 to the belief of the "primacy of the people", the fact
9 that our people have been notified by the Company that
10 they must close three mines, and because we think that
11 this should not be allowed to happen without compensating
12 job opportunities in this area, we shall attempt to bring
13 evidence to buttress our arguments that our coal mines
14 must not be allowed to close in the immediate future under
15 any circumstances.

16 The above limitations which we are placing on
17 ourselves in this brief, does not preclude us from
18 reminding the Government, through you, of certain histor-
19 ical and general economic-political observations that
20 we think are pertinent to any real diagnosis of and
21 prescription for our ailing industry of Nova Scotia. We
22 realize that we will say little new, but we must speak out,
23 in view of the seriousness of the situation, with the
24 threat of closure hanging over our people like a "Sword
25 of Damocles" and with a goodly number of proponents
26 ready to toll the death knell of some of our finest commun-
27 ities; in the name of immutable economic laws, which we
28 in this part of the country feel are mutable and man-made
29 decisions arising out of our historical past in trying to
30



1 develop a nation that we call Canada.

2 It is not our intention to reinvoke the "litany
3 of our sufferings" as a result of Confederation or bring
4 a "poor mouth" to your table, Honourable Commissioner.

5 However, we feel that some of the more vociferous opponents
6 of extended government subsidy to the coal industry both
7 from within this country and "special interest groups"
8 from without are too easily forgetting the past and even
9 glossing over the real picture of our economy in Canada
10 today.

11 It is our contention that many who say "close
12 down the mines", "relocate the miners", have forgotten
13 one of the main principles which ought to govern our
14 economic development. We here are continually reminded
15 that we have to face economic facts; that subsidies cannot
16 continue in coal if Canada is to prosper. We could agree
17 with that if we saw any real hope of new industries coming
18 here and we could agree all the more if we were the only
19 part of Canada that has and is receiving a subsidium --
20 a help -- from the Central Government.

21 1. SOME GENERAL OBSERVATIONS PERTINENT TO A DISCUSSION OF
22 THE NOVA SCOTIA COAL PROBLEM.

23 A cursory survey reveals that our economic
24 body has been and is made up of regions of different
25 resources and of different indigenous economic capabilities:
26 Let us look over our historical shoulders and then straight
27 ahead into the pulsing economy of Canadian society. Let
28 us look at the Western and Central regions of our economy.
29 What were their great needs that they were incapable of
30



1 supplying for themselves and therefore needed a subsidy,
2 a help, from the Central Government. The Central and
3 Western Provinces NEEDED and WANTED help in moving grain
4 and building up central industry and commerce and they
5 received it in full measure. The West, Ontario and Quebec
6 received railways and canals -- the canals built WHOLLY out
7 of public funds, the railways heavily assisted by gifts
8 of money and land, loans, guarantees, tax concessions and
9 in the case of Canadian Pacific, monopoly privileges. The
10 west also enjoyed a subsidy. A look at today's economy
11 reveals that they still enjoy a huge subsidy in the form
12 of the Crow's Nest Pass Agreement. Let us glance at
13 the Central region again. It has had the healthy, long
14 continued, INDIRECTLY CONCEALED SUBSIDY of the "protective
15 tariff" which has and is working peculiar hardships on
16 the Maritime Provinces. The Maritime Provinces do not
17 want or need help in moving or storing wheat. They do
18 not want or need half-a-dozen extra railways. What they
19 want and need is PROTECTION for what they have and help
20 to build their economy anew so as to become first class
21 citizens of this country.

22 To say help with railways, canals, tariffs, and
23 wheat storage -- yes -- but help to preserve and rebuild a
24 Canadian industry producing a product that the Gordon
25 Commission and almost everybody seems to predict will be
26 needed in far greater quantities in the 1970's and 1980's
27 -- no -- strikes most of us in this region as sheer poppy-
28 cock. We say this despite the fact that we know that this
29 coal industry in Eastern Canada has been well helped since
30



1 the 1920's to the extent of 80 to 90 millions of dollars
2 which was largely paid to the Government-owned railroad
3 for transportation.

4 We are not complaining that other parts of
5 the country have received what they have from the National
6 Treasury. But we do say that the Maritime Provinces
7 deserve their share especially as they have paid their
8 share of what has been given to the rest of the country.
9 We know of the subsidies and tariff protection to coal
10 and steel here. How valuable the coal tariff protection
11 is at the present time is very debatable. We know, too,
12 of the help of the Maritime Freight Rates Act. But if
13 we add it all up and compare it with what other parts of
14 the country have received, the balance, we are convinced,
15 will still be heavily weighed against the Maritimes. We
16 are pleading for a fair share in the national prosperity
17 and that includes special and continuous help to the coal
18 industry. This Province and these Maritimes have made an
19 enormous contribution to the founding of the Canadian nation
20 but we do not feel that we have gotten our fair share of
21 the proceeds and many of us resent it.

22 We may have seemed to have veered out of your
23 terms of reference, Honourable Commissioner, but we are
24 convinced that there is no real diagnosis of the coal
25 industry possible without seeing it in the context of the
26 Maritime economy which has and is facing continually the
27 "challenge of decline" in the framework of Canadian Feder-
28 ation. Certainly no worthwhile prescription for coal or any
29 of our related industries is going to be found until some
30



1 Central Government takes the "bull by the horns" and starts
2 to plan for both private and public investment in this area
3 of Canada. It is time that this whole area be designated
4 by the Central Government as a "needy area" and be treated
5 as such. We are not proposing unlimited and ad infinitum
6 subsidies direct or indirect for uneconomic location of
7 industry. We do believe though that until a new attitude
8 is taken to our economic problems, vital industries like
9 our coal and steel must be given as much help and for as
10 long as the real problems of the area are not seriously
11 tackled. It is not good for Canada that we should lag so
12 far behind the Central and Western Canadian Provinces.
13 We are asking that all economic factors, not just those
14 that concern private firms directly should be taken into
15 account and that non-economic factors must be taken in,
16 given our circumstances.

17 We mentioned earlier that there is one
18 principle of economic development being forgotten by the
19 proponents of immutable economic laws when they argue
20 the economic case against help to coal and other vital
21 Maritime industries. The principle is fundamental and
22 so important that it is surprising that many seem to miss
23 it in all the talk of economic development. It is simply
24 that economic life is not an END in itself but a MEANS to
25 the good life. As applied to Canada it means that it
26 is worthwhile to preserve and develop a free, independent
27 Canadian nation even at some economic cost. This cannot,
28 of course, mean economic self-sufficiency nor political
29 isolationism. We recognize the interdependence of national
30 economies and the responsibilities of Canada to the



1 Commonwealth and all international organizations with
2 similar social and moral goals.

3 When we say that our coal industry should be
4 given "preferential treatment" over American coal we are
5 not anti-American and we recognize some of the social
6 and political implications of such a suggestion both as
7 regards our relations vis-a-vis the United States and
8 even the implications of it for coal consumers of Ontario.
9 Despite the fact that officials of the Provincial Govern-
10 ment claim that this present crisis occurred because of
11 competing energy sources discovered and developed within
12 this nation in the post war era, we think that because
13 of the help given both the natural gas industry and the
14 oil industry and because of the failure to tax foreign
15 residual oil coming into the Maritimes that this now calls
16 for a "preferred position" in our domestic market by
17 Canadian coal in general and Nova Scotia coal in particular.
18 This is especially true if the only alternative is to close
19 our own mines and throw people out on the street or talk
20 about re-locating miners who for a large part it is
21 virtually impossible to re-locate, for reasons that we
22 shall see below.

23 On this whole question of competing energy
24 sources we must repeat that this present crisis just
25 accentuates the really basic issue, namely: that our coal
26 faces its severest competition from COAL produced in the
27 United States. We know that the Province of Ontario, lying
28 just north of the large Pennsylvania and West Virginia
29 coal fields, has always provided a ready market for these
30



1 imported coals. We know, too, that the low transportation
2 cost due to Ontario's location together with the low
3 production cost of American coal and the great varieties
4 of it all tend to make it impossible for Nova Scotia coal
5 to compete in the Ontario market without substantial
6 federal assistance. We also realize that American bitum-
7 inous coals imported into Canada are subjected to a duty of
8 50 cents per net ton. We do not know what this has meant
9 "revenue wise" to the Federal Government, whether it has
10 equalled or far surpassed the approximately 90 millions of
11 dollars that has been given in subvention aid. . However,
12 we are aware that in certain industries where the finished
13 product is exported to the United States, in synthetic
14 rubber industries and in plants producing coke for metallur-
15 gical purposes, the bituminous coal used is subject to a
16 drawback which in effect cancels the duty imposed. More-
17 over, we know that in 1870, three years after Confederation,
18 the Federal Government imposed a 50 cents duty on American
19 coal and the figure is still the same almost a hundred
20 years later.

21 We can understand American interests who appear-
22 ed before you asking that the duty as small as it is be
23 taken off, but it irks us when we realize what the result
24 of that would be for the Nova Scotia coal industry. It
25 especially irks us since we are aware of the fact that
26 following the end of the Reciprocity Treaty in 1866 and
27 continuing down to the 1920's the American nation imposed
28 a substantial duty on our coal going into the New England
29 market. As a matter of fact, one of the great needs of
30



1 the Nova Scotia coal industry is "preferential treatment"
2 over American coal in our own Canadian market. We feel
3 that this is just as long as we in this end of the world
4 have to pay such a very high price for all our durable
5 goods from automobiles to refrigerators, all of which
6 increases greatly our cost of living, in order that
7 industries in the Central Provinces may be protected.

8 Again I repeat, we are not anti-American or
9 anti-Central Canada but the dilemma of our situation in
10 this Canadian economy is that we require even more so
11 than the rest of Canada the application of two sets of
12 policies, i.e., the free trade pattern and the complex
13 of subsidies and supports associated with high tariffs.
14 As long as we cannot get full market value for our natural
15 products in the export markets, instead of the greatly
16 reduced value, less import-tariffs as in the case of our
17 fish and other products entering the United States, we
18 must have special artificial measures for the preservation
19 of existing industries if we are to be truly a part of a
20 functioning and sound Canadian economy.

21 We do not know the inside "corporate make-up"
22 of the principal importers of American coal and whether
23 they are corporate entities which are almost identical with
24 those which own Canadian mines, as have been suggested by
25 some. In any case, we believe that within the limits set
26 by the nature of the world we live in, this country and
27 its Central Government should look after and control the
28 destiny of its OWN people first and FOREMOST.

29 Honourable Commissioner, to conclude this section
30



1 of the brief, may I be so bold as to remind you that
2 "immutable economic laws" and "hard economic facts", to
3 the contrary, the whole existence of Canada, the whole
4 idea of having a Canadian nation at all rests on consider-
5 ations which are far from purely economic. If the
6 Fathers of Confederation had been governed primarily by
7 economic reasons and "free enterprise" reasoning there would
8 have been no confederation. They would have gone to
9 Washington instead of Charlottetown if the "primacy of
10 the economic" was their principal motivation. They wanted
11 to preserve and bind together historic communities and unite
12 them in a new nation and they were prepared to pay an econom-
13 ic price for it. That is why they built the Intercolonial
14 Railway wholly in Canadian territory and the Canadian
15 Pacific in like manner; and risked bankrupting the new
16 nation to do it. That is why they adopted a protective
17 tariff, significantly called the National Policy, to pro-
18 mote the industrialization of the country. From a purely
19 economic viewpoint all these actions were silly. They
20 make sense only in the light of a national belief that
21 economics is not everything -- that there are other and
22 higher values that we have in this country that are worth
23 preserving, not the least of which are such tangible
24 assets as courage and fortitude in the face of continuous
25 danger, which our miners possess in abundance.

26 I was struck by the importance of these
27 intangible assets recently in reading a talk of yours
28 on "The Trouble Is In Political Management" when you
29 said:
30



1 "When we are thinking of the mass in a
2 special sense, in the acquisition of techniques
3 yes there is inequality, in the acquisition of
4 knowledge, yes, in reasoning faculties, yes,
5 but in the moment of danger, in the moments
6 when heroism is called for, I think you will
7 find heroism in the masses."

8 Mr. Commissioner, a miner's life is constantly
9 lived in moments of danger, and he has to be a hero,
10 albeit unknowingly all the time. In Nova Scotia, alone,
11 approximately 1600 miners have been killed since 1900.
12 Many thousands of others have been totally and permanently
13 crippled or have sustained injury.

14 Only a romantic fool, and an ignorant one at
15 that, would bewail the loss of backbreaking, dangerous,
16 and sometimes poisonous drudgery and its replacement by
17 impersonally effective machinery. But the loss of the
18 assets mentioned above, coupled with the loss of fraternity,
19 solidarity and comradeship of courageous accomplishments --
20 these are all too precious and rare in our society today.
21 If we allow their transmitters to rot and fade in the
22 name of economics we commit an act more criminal than the
23 spoliation of the physical landscape for personal gain. We
24 shall have them on our "national social conscience" if we
25 do not do everything humanly possible for them. Surely
26 any concept of a "Responsible Society" demands that the
27 NEEDS of our own people and the USE of our own resources
28 come before any other consideration.
29
30



II SOME CONSIDERATIONS ON THE PROPOSAL OF RELOCATING
CAPE BRETON MINERS.

In this section of the brief, Honourable Commissioner, we shall focus our attention on a community of 10,000 people, totally dependent on coal mining for its existence. The community is New Waterford. What we shall say of it holds true of Glace Bay and, to a very great extent, of the mining communities on the North Side. It, just as every other community, has put many, many millions of dollars into homes, schools, churches, municipal buildings, stores, etc., and is presently planning on building a million dollar hospital. Everything in New Waterford depends on the miners working.

There is an apocryphal story told of New Waterford that would not seem to be out of place here. It seems one day a clergyman, a local lawyer, a doctor and a miner were talking in the barbershop about their varied contributions to the community. The clergyman said, "I pray for all." The lawyer commented, "I plead for all." The doctor added, "I diagnose and prescribe for all." The miner had the last word when he said, "Yes, gentlemen, but I pay for all."

There are three coal mines in or immediately adjacent to the town of New Waterford. The largest of these mines in terms of employees working is No. 16 colliery. Some two months ago we attempted to get what we thought might be helpful data for your consideration. A questionnaire was circulated to the men working at No. 16 colliery and we received six hundred and thirty replies to the



questionnaire. From coal company officials at No. 16, we found that there were 1,100 on the payroll on that date. We had hoped to have a higher percentage of questionnaires returned, but we think the number sufficient as a "sample" to give you some insight into the magnitude of the social problems involved in any attempt at relocating these miners into any other part of our economy.

The questionnaire was circulated through six schools in the New Waterford area and the teachers who were well acquainted with the children and parents supervised their issuance and checked on the accuracy of the information. The "sample is presumably biased toward men with dependents and we think to some extent against the older workers, because of the fact that they were issued through the schools.

Now can I go on to page 12?

The following is a sample of the questionnaire:

Name.....

_____ Married _____ Single _____ Widower

How long have you worked in the pit?.....

How many dependents at home?.....

Have you had any brothers or sons killed in a mine accident?.....

What grade did you finish in school?.....

Do you have your own home?.....

The following descriptive statistics show the result of the questionnaire:



1	SIZE OF THE WORK FORCE - 1,100 SIZE OF SAMPLE - 630	
2	1. MARITAL STATUS OF NO. 16 MINERS	
3	Percentage of married miners.....	89%
4	Percentage of single or widowed.....	11.00%
5	Standard error of the percentage.....	1.25%
6	2. NUMBER OF DEPENDENTS OF NO. 16 MINERS	
7	Mean (arithmetic number of dependents.....	4.24
8	Mode (value occurring most often).....	3.00
9	Median.....	4.52
10	Standard error of the mean.....	2.61
11	189 between 6 and 14 dependents.....	30.00%
12		of sample
13	3. HOME OWNERSHIP OF NO. 16 MINERS	
14	Percent ownership of the sample.....	70.48%
15	Standard error of the percentage.....	1.82%
16	4. YEARS WORKED IN COAL MINES BY NO. 16 MINERS	
17	Mean (arithmetic) number of years.....	20.92 yr.
18	Median.....	20.12 yr.
19	Mode.....	18.52 yr.
20	5. YEARS OF SCHOOL COMPLETED BY NO. 16 MINERS	
21	Mean number of years of school completed.....	7.36 yr.
22	Median years.....	8.13 yr.
23	Mode.....	8.00 yr.
24	Standard deviation.....	1.77 yr.
25	Range of standard deviation from 0 years to	
26	14 years	
27	192 grade six or less.....	30.40%
28		of sample.
29		
30		



6. AGES OF NO. 16 MINERS

Mean age.....	39.79 yr
Mode.....	39.00 yr
Median	41.03 yr
Standard deviation.....	10.86 yr
(extreme value effecting mean)	
220 -- 45 to 68 years.....	34.92% of sample.

Summing up, we see the "sample" reveals that 89% of the men are married with an average of 4 dependents with 30% having 6 to 14 dependents.

Some 70% own their own homes. They have worked in the coal mines an average of 20 years and some 24% have seen 30 to 50 years service. The group sampled have an average education of grade 7 status with some 30% with grade 6 or less. Their median age is 41 with 35% between 45 and 68 years.

Thus we see the tremendous social problem involved in any attempt to relocate and retrain these miners. All of the above figures gives us an insight into the problem. In a society that has built up a "value system" that is discriminatory against hiring after 40, where would these men fit?

Where would the 35% who are between the ages of 45 and 68 fit? Those who suggest relocation as a solution explicitly and implicitly suggest a retraining program to teach them new skills. The above figures suggest the great difficulty involved from the point of view of the age factor and length of time that they have been associated with coal mining. There is not a provincial training scheme



1 that we know of in Canada that is set to train people with
2 grade 7 education and again, what of the 30% who have grade
3 6 or less?

4 Given these disadvantages plus the number of
5 dependents, the amount of home ownership, the length of
6 time working in the mines and the attachment to the
7 communities where they established their "roots" and
8 to which they have contributed so richly, is it any wonder
9 that many of us see the only SHORT-TERM SOLUTION is to give
10 our coal a "preferential position" in our domestic markets.

11 This must be done through a combination of some
12 protection from imported coal and imported residual oil,
13 plus substantial Government subsidy coupled with another
14 coal cleaning plant in this area, and a continuous and
15 vigorous sales campaign closely scrutinized and promoted
16 by the Dominion Coal Board.

17 Well, Honourable Commissioner, we feel that in
18 this section of the brief we have given you some insight
19 into difficulties and ramifications involved in looking
20 for a solution to the problem in terms of "relocating our
21 miners". Before passing on to our concluding section
22 there are three additional observations we would like to
23 make concerning the problem of "relocation".

24 The first concerns a cautionary note on the
25 future work-force needs of the coal industry here. We
26 have no way of finding out the rate of turnover of mine
27 employees here in recent years. Coal company officials
28 maintained a tight-lip policy toward us in seeking this
29 and some other information. However, a Canadian press
30



1 dispatch dated Friday, February 14, 1958 had this statement
2 attributed to the Vice-President of District 26, United
3 Mine Workers of America:

4 "although this will probably be denied, there
5 is a dangerously high annual turnover of 7 and
6 one half per cent among mine employees."

7 I am sure that you will be looking into that
8 situation. You know the British experience of the early
9 1950's in this regard. My reading on this matter reveals
10 that by 1952 the number of boys and young men in the
11 British mines, which a generation before totalled over
12 150,000, had dwindled to less than 50,000. In desperation,
13 miners wages, which had been so low as eightieth on the
14 scale of industrial pay, were raised to the head of the
15 list.

16 Amenities of many kinds were introduced by
17 the National Coal Board. Both the miners' union and the
18 labour government of the time urged the miners to remain
19 in the industry. Still the exodus continued until finally
20 "mercenaries" -- foreign laborers -- had to be imported
21 to get out the coal. We know that the situation has changed
22 again in Britain but given the "informed view" of future
23 coal requirements in the second half of this decade and
24 on into the 70's this aspect of the problem should be well
25 investigated.

26 The second observation regarding the problem
27 of relocation has to do with the apparent difficulty of
28 absorbing our labor force in today's Canadian economy. The
29 number of unemployed in the second recovery year since our
30



1 third post-war recession is startling. A month ago the
2 Canadian Press carried a dispatch quoting the reputable
3 economist, Dr. J.O. Firestone of the Department of
4 Trade and Commerce, to the effect that our economy would
5 be undergoing its fourth post-war recession by 1962 and
6 that it would be the worst of the post-war period.

7 The third observation is well known but bears
8 repetition when a solution such as relocation is suggested.
9 It is a fact that the coal miners of this area have been,
10 with the responsible guidance of their executive officers,
11 most patient in their wage demands during the last decade.
12 This fact has been brought out by many and was noted by
13 Mr. Uren, Chairman of the Dominion Coal Board, appearing
14 before the Standing Committee of Mines, Forests and Waters
15 in July of 1958, when he was questioned by a Cape Breton
16 member, Mr. Muir.

17 MR. MUIR: ...You mentioned, despite the
18 increase in man-day production that the cost of production
19 went up.

20 MR. UREN: Yes.

21 MR. MUIR: What would be the explanation for
22 that?

23 MR. UREN: I wish I knew. From anything that
24 we can see, the miners were very fine in the attitude
25 they had taken to everybody concerned in respect of wages...

26 These then, Honourable Commissioner, are the
27 reasons why we cannot see relocation as any solution to
28 the present problem. As you will see, the economy of our
29 mining communities are inextricably tied up with coal;
30



1 and when the miners are out of work their merchants and
2 service industries really feel the pinch. Local governing
3 agencies, of course, are also hard hit since the shrinkage
4 of business activity reduces tax funds to a point where
5 they are insufficient to maintain adequate schools, welfare
6 programs and other public services.

7 On the individual, level large-scale unemploy-
8 ment in the mines means the exhaustion of unemployment
9 benefits; depletion of their credit union savings, which
10 they have laboriously built up; and in many cases, total
11 dependence on charity. Often mothers and teenagers are
12 forced to seek jobs as waitresses or store clerks at poor
13 wages. For the young children, it means the interruption
14 of schooling and, in a great many instances, the end of
15 their formal education.

16 For the miners, themselves, it means a life
17 of enforced idleness and this for men accustomed to arduous
18 work. Unemployment for them is not only an economic
19 malady; it is a social disease. Workers without jobs and
20 without any hope in the future become grim and desperate.
21 We saw enough breadlines here in the 30's -- we don't want
22 them again in the 60's.

23 These things are well known to you, Honourable
24 Commissioner, and we do not want to labor them, but they
25 do add to the difficulties of accepting the solution of
26 relocation as a means of meeting the problem.

27 There is one further comment that we should
28 like to make here. We have referred to our short-term
29 solution above and have given the evidence which makes
30



1 us come to that conclusion. How long a short term is
2 will depend on the policy decisions and practical action
3 projects initiated by our public authorities to fill the
4 need for what the Royal Commission in Canada's Economic
5 Prospects called "a positive and comprehensive approach
6 to the problems of the Atlantic region". We have made
7 some general reference to this need in the first part
8 of our brief. We shall be returning to it in a more
9 specific manner presently in the concluding section of
10 it. We are convinced that the long-term solution of our
11 coal problem must necessarily revolve around a new concept
12 of National Policy that will help us to do a really
13 "bootstrap operation" in this part of Canada's economy.

14 III. CONCLUDING OBSERVATIONS AND SUGGESTIONS.

15 Mr. Commissioner, we have in the preceding
16 section of the brief given you what we consider the only
17 feasible solution to the difficult transitory period of
18 the next four or five years, which we have designated as the
19 short-term. The timing of this Royal Commission, with
20 the fact of the serious threat of mine closures in this
21 area, makes the questions of your recommendations regard-
22 ing this transitory period of paramount importance to the
23 people of Nova Scotia.

24 In this concluding section of our brief we
25 shall make a couple of observations and suggestions that
26 directly concern the stabilization of the Nova Scotia
27 coal industry for the long-run period. We shall then make
28 some further observations and suggestions regarding matters
29 that indirectly affect the situation over the long-run
30



1 period. The long-term future for our industry seems to
2 be bright and hopeful.

3 From every informed source that we know of,
4 namely: the Coal Board, the Ministers of Mines of the
5 Canadian Provinces, the Royal Commission on Canada's
6 Economic prospects, the officials of District 26 U.M.W.
7 and the officials of the Dominion Coal Company, we learn
8 that although percentage wise, coal as a source of energy,
9 will continue to decline in Canada relative to other
10 sources, there will be a very great demand for many more
11 millions and millions of coal than is presently consumed.

12 The thinking of Dosco regarding the long-term
13 future of our Eastern Coal Industry has been well stated
14 by Mr. C.A. Patterson, Public Relations Officer of Dosco.
15 In an "Atlantic Advocate" article for January of this year,
16 he has this to say:

17 "Mr. Fairley is most emphatically hopeful for the
18 long-term future." (He then quotes Mr. Fairley:)
19 "Despite the difficulties we have at the minute,
20 the coal business is still a vital and important
21 business to this country, and PARTICULARLY for
22 the Province of Nova Scotia," he said. "Our
23 sales total more than \$50 million a year and this
24 is big business."

25 Mr. Patterson continued:

26 "The Dosco boss pins much of the hope for the
27 future on the development of thermal power in
28 Canada. And here Ontario looms as the biggest
29 hope. This potential market is expected to open
30



1 up within a few years and when it does Mr.
2 Fairley hopes that the power plants will be
3 burning Nova Scotia coal. The essence of the
4 problem, if this is true, is to bridge the gap."

5 (Atlantic Advocate January, 1960, Pg.39)

6 The Dominion Coal Company has estimated that there
7 would be a potential market of some four million tons for
8 Nova Scotia coal by 1965 in the developing thermal power
9 market of Ontario. It seems that the future of our East-
10 ern Coal Industry is going to hinge on the maintenance
11 of the Maritime market and the development of the Ontario
12 thermal market. Of course, there is still going to be
13 competition for this market from American coal and natural
14 gas. We said in the beginning of the brief that we were not
15 coal technicians nor did we wish to pose as experts on
16 aspects of the coal problem best handled by others making
17 submissions to you. However, we would like to make some
18 comments for what they are worth regarding Nova Scotia
19 coal and this potential Ontario thermal market. This we
20 feel is a point where the provinces must come more promin-
21 ently into the picture. Of course, the present Federal
22 Government is in a unique position to bring the Provinces
23 of Ontario and Nova Scotia in closer cooperation on this
24 matter.

25 We know that Ontario hydro has studied the possib-
26 ility of using our coal, is in fact actually now using it,
27 to a small extent for thermal power production. There must
28 be even closer cooperation on this matter between the
29 Ontario Government and the Nova Scotian Government. After
30



1 all, these natural resources are VESTED in the provinces.
2 We know that the Province of Ontario will do everything
3 possible to help their fellow Canadians of this area in
4 return for the many cars and other products that we buy
5 at such a price from them to help keep their economy sound.
6 As regards the quality of our coal, the complaint about the
7 "moisture content" of our coal vis-a-vis American coal
8 can surely be rectified.

9 A series of tripartite meetings between the Federal
10 Government, the Ontario and Nova Scotia Governments should
11 surely iron out the difficulties involved, so that const-
12 ruction of some future thermal plants in Ontario could be
13 geared to the use of our coal.

14 We have consistently maintained in this brief the
15 need of "preferential treatment" of our coal against
16 American coal. This matter of the potential market for
17 Nova Scotia coal in the Province of Ontario is a case
18 in point. Up to 1959 American coal supplied about 98% of
19 the Ontario market for bituminous coal. Does any Canadian
20 seriously think, were the situation reversed, that the
21 United States would ever allow Canada to DOMINATE COMPLETE-
22 LY A UNITED STATES DOMESTIC MARKET if an American industry
23 was faltering as our coal industry has been.

24 The many thousands of people depending on the
25 coal industry in this area must not be sacrificed on the
26 altar of bigger profits for Canadian importers or friendly
27 relations with the United States. We are subject to
28 correction, but we understand that the "Buy American Act"
29 of the United States makes it mandatory to use some type
30



1 of American fuel in all public owned installations. Yet
2 here in Canada we have the Polymer Crown Corporation buy-
3 ing some 500,000 tons of West Virginian and Ohio coal
4 yearly because it is cheaper to do so. After all, the
5 American coal industry would still be supplying more of
6 our domestic market than Canada produces. The Province
7 of Ontario must come and we hope will come to the help
8 of Nova Scotia in this matter of supplying some of its
9 thermal power development.

10 There are economic difficulties and tricky political
11 "ins and outs" to overcome on this matter, but we in this
12 area are confident that the Federal Government can bring
13 about the cooperation between the Ontario and Nova Scotian
14 Government on this important question.

15 The next observation and suggestion that directly
16 affects the long-run future of our coal industry concerns
17 the necessity of GREATER RESEARCH to develop wider and
18 diverse uses of our coal resources.

19 We shall be presently making some observations and
20 suggestions that indirectly affect the coal industry and
21 we shall be pleading that the great economic need for
22 Nova Scotia and the rest of the Atlantic Provinces is for
23 a diversification of industry. This implies the need of
24 new secondary industries which are not related to our
25 present primary resource industries such as fishing,
26 forestry, agriculture and coal mining. There are those
27 in Nova Scotia who put much more faith in the greater
28 development of the primary resources that we now have than
29 in any great growth through the attraction of new secondary
30



1 industries to this area. We shall be arguing that we
2 need both but it is possible that a more permanent basis
3 for the industrial growth of this area will come from
4 exploiting the full potential of our local primary
5 resources and that includes coal.

6 In 1943 a Dosco geologist, I think it was Mr. Lang,
7 estimated our Nova Scotia coal reserves at 180 years.
8 There is a tremendous challenge for a federally initiated
9 research program right here in Nova Scotia. In making the
10 comments about the necessity for a more developed research
11 program for Nova Scotia, we don't want to overstep the
12 limitations we put on ourselves at the beginning of the
13 brief. However, we are convinced that the long term
14 stability of our coal industry is bound to be tied up
15 with a more highly developed research program.

16 We realize that the Federal Government has put a mill-
17 ion dollars into research during the last decade, over half
18 of which went into an attempt to develop the coal fired
19 gas turbine project at McGill. We do not know how much
20 money Dosco and the Nova Scotia Research Foundation have
21 spent on coal research, but we are aware that they, along
22 with the Provincial Mines Department have kept in close
23 contact with research development in the United States
24 and have used "samplings" of some of our coal for experim-
25 ental purposes in American research centers. We realize,
26 too, that what is physically probable is sometimes not
27 economically possible, that research is expensive and
28 that there has to be a reasonable hope of success before
29 money is put into it.
30



1 Despite all these things, we venture to say that
2 if in the long-run we are going to make use of the real
3 potential of our coal resources we will necessarily have
4 to spend money on a continuing basis for research into wider
5 uses of our coal reserves. Because of the peculiar qual-
6 ities of our coal we suggest that with due allowance for
7 priority of needs and costs involved, one of the most
8 fundamental ways that this area can be helped would be
9 by the setting up in Nova Scotia, on a slow but sure basis,
10 a coal research centre in which a program of seeking new
11 and better uses of coal would be continually going on.
12 If the development of competing energy resources has any
13 lesson for the coal industry it could be summed up in the
14 Biblical phrase, "Seek and you shall find". The new phase
15 of the industrial revolution of our time has been triggered
16 by research that has made possible the many, many new goods
17 and services of our time and has made of research itself
18 one of our largest industries. Our long-term future in
19 coal, we repeat, must be intimately bound up with a
20 continuing search for new uses of this potentially great
21 primary resource of this area.

22 We are now going to develop some observations and
23 suggestions that indirectly affect the coal industry,
24 but directly affect the whole of our regional economy.
25 We made reference in the first section of the brief to the
26 necessity of a more "comprehensive approach" to the
27 problems of the regional part of Canada's economy.

28 In the preceding paragraphs we alluded to the great
29 need of DIVERSIFICATION; of developing the potential of
30



1 the primary resources that we have and of attracting new
2 secondary industries. What we shall have to say bears
3 upon the eventual solution of the coal problem, for in
4 the final analysis the plight of our coal communities is
5 the plight of every region shackled to the tyranny of
6 a single industry.

7 The outlook for bringing industrial diversity to our
8 coal area seems to us bleak, but diversity there must be if
9 we in this Province and in the Atlantic region in general,
10 are truly to become a healthy part of the Canadian economy.

11 We have mentioned earlier that this Maritime region
12 generally should be designated as a needy area, or if
13 you will, a distressed area. These terms are, of course,
14 relative to the rest of Canada and do not refer to our
15 position in the world society. We have made a judgement
16 that sometime some Central Government is going to have to
17 take the "bull by the horns" and start planning for private
18 and public investment in this area. There are still many
19 people scared of that word "planning" and they are quickly
20 ready to label anyone who uses it. We in Extension given
21 the philosophy of "group self help", which our department
22 has fostered since the late 1920's, should be the last
23 ones so labelled. We know and insist that there must be
24 much done by ourselves both in encouraging private invest-
25 ment in this area by our own people, and by developing
26 management and labor skills for productive efficiency.

27 There must be a continuous attempt and public encouragement
28 given morally and financially to extend the "cooperative
29 techniques" to more intense and varied development of our
30



1 primary resource industries of this region. Private
2 profit enterprise has not had a proud history in developing
3 the resources of agriculture, forestry and fishing in this
4 region.

5 If one can agree with the assumption that
6 this is a relatively "depressed area" or "have-not area"
7 of Canada, and every worthwhile yardstick seems to
8 indicate it, then we submit that the problems of this
9 "depressed area" are simply too far-reaching to be resolved
10 by local or self-help initiative. The objective situation
11 prompts us to take this stand even though we are prime
12 movers of "group self-help" projects and are solid and
13 consistent supporters of A.P.E.C.'s efforts and local ind-
14 ustrial development councils or committees.

15 We mentioned that there is need of greater
16 government planning for private and public investment
17 in this region of Canada's economy. We realize that there
18 is no single or simple solution of the Atlantic region. We
19 know that our geographical economic handicaps are tied
20 up with transportation difficulties that are associated
21 with the difficult problem of our national freight rate
22 structure. We are fully aware, that as the Gordon Commiss-
23 ion put it:

24 "any serious attempt to raise income levels in
25 the Atlantic Provinces will soon breakdown into
26 consideration of a series of problems which must
27 be dealt with separately and individually."

28 Yet we feel that there are some problems which
29 deserve priority of treatment and we have argued the case
30



1 for the coal industry in this regard. From our point of
2 view, the desperate need for diversifying our economy
3 cries out for greater planning of private and public
4 investment for this region, which will get to the root of
5 our problems.

6 Could we be so bold as to suggest a ten or
7 fifteen year plan worked out by our Maritime Premiers and
8 the Federal Government.

9 We are not so naive as not to recognize the
10 responsibilities of the Provinces of the Atlantic region
11 in this regard. The deep seated political and tradition-
12 al differences of thinking will not be easily solved.
13 Yet we have, in recent years, seen greater cooperation
14 amongst the Premiers here in recognizing that our essential
15 problems must be worked out on a regional basis and that
16 if the Federal Government is going to help in this matter
17 we must have a unified, if not identical approach. The
18 time is too late for the problems of this region of Canada
19 to be played politics with. We need Premiers who are
20 statesmen first and politicians secondly if we are going
21 to rescue this part of Canada from economic oblivion in
22 the overall economy. As we write these things we realize
23 that they may sound naive, but we must emphasize this
24 need if we are going to get the kind of help from the
25 Federal Government that would release us from the bonds of
26 insecurity that an inheritance of the past has left with
27 us in form of ad hoc projects and handouts, which are a
28 substitute for the radical surgery necessary to make this
29 part of Canada's economic body healthy. We are not
30



1 contradicting any of our thoughts expressed before about
2 this part of the economy and the coal industry in par-
3 ticular. We would be prepared to see a planned closing
4 of some mines IF it became warranted AND IF there was
5 created over the next 15 years the diversified economy
6 that would not spell ruin for our communities and our
7 area and the dole for our displaced workers by their
8 closures.

9 The question you may want to ask is what
10 do we mean by "planned public and private" investment?
11 It is a reasonable question and we shall try to answer it.
12 We have in mind the idea of a Capital Projects Commission
13 suggested by the Commission on Canada's economic prospects.
14 This, to our way of thinking, has been their great suggest-
15 ion to meet our fundamental needs. This is why they
16 suggested:

17 "Specifically it is suggested that the federal
18 government should agree to contribute a fixed
19 sum per annum for capital assistance for a
20 term of years, on the understanding that the
21 initiative in the actual allocation of these
22 funds, including the determination of priorities,
23 should come from the Atlantic Provinces them-
24 selves. Under this proposal, some kind of
25 joint Capital Projects Commission would be
26 established with an appropriate staff. With the
27 advice and support of the four provincial govern-
28 ments concerned, this body would be responsible
29 for examining all proposals for projects requir-
30 ing capital assistance, for deciding upon prior-



ities and, within the limits of the total amount of funds available, for submitting recommendations to the federal authorities. If some such procedure were approved, it would be important for the Joint Capital Projects Commission to work closely with the appropriate permanent officials of the four Atlantic Provinces and to consult with the governments concerned before determining priorities."

Some have argued that there is nothing new in this suggestion and they refer to capital projects sponsored by the Federal Government here such as the Canso Causeway and the Beechwood Power. In fact, however, there is a great deal of difference; both the method of capitalizing suggested by the Commission, namely, a fixed sum per annum, and the actual allocation of these funds and determination of regional priorities by a joint planning commission that would be established with appropriate staff, and which the commission calls a Capital Projects Commission.

This, to our way of thinking, is PLANNING in the best sense of the word. It seems analagous to us in the way that the World Bank plans for the capitalization of underdeveloped areas. It would require statesmanship of the highest kind to initiate and make real such a suggestion, but we feel that it would be of immense benefit to the Atlantic region. Within or outside the framework of such a commission the Federal Government could help plan for private investment in these regions by using specific



1 monetary and fiscal tools to encourage industry to come
2 here. These could be, for example, special loans provided
3 by Ottawa at low rates of interest for new industries
4 which are willing to establish here as has been done in
5 Europe under "special area development legislation".
6 Special corporate income taxation concessions could and
7 should be worked out to attract industries here, either
8 to develop further the resources we now have, or establish
9 secondary industry which would, because of the nature of
10 their produce, be not easily "gobbled up" by some large
11 central Canadian competitor when they started to get on
12 their feet. This has happened so often in the past here,
13 that it is no wonder we keep our tongue in our cheek at
14 the possibility of developing a diversified economy of our
15 own.

16 There are other suggestions that could be made,
17 Honourable Commissioner, that affect indirectly the long-
18 term outlook for the coal industry but they have been said
19 many times. We don't want to be too pessimistic about
20 our area but we would urge you to give full consideration
21 to the urgency of some special action for this region of
22 Canada to help put it on a more secure and hopeful economic
23 foundation.

24 We need some form of planned area development
25 legislation akin to the "Distribution of Industries Act"
26 in Britain and similar legislation enacted in Western
27 European Countries. If this could be done and the suggest-
28 ed Capitals Projects Commission set up, then provincial or-
29 ganizations such as our Industrial Estates and our local
30



1 development committees could be of great help.

2 There remains for us, Honourable Commissioner,
3 to thank you for your indulgence in reading the foregoing.
4 We hope that it will be of some help to you and we wish
5 you God-speed in this onerous public duty that you have
6 so generously accepted in your "twilight years".

7 May we conclude with an excerpt from a resol-
8 ution adopted by the Inter-Provincial Conference of
9 Premiers at Ottawa in June, 1926, which is as pertinent
10 today as it was then:

11 "this conference, recognizing that the coal
12 fields of the Dominion are capable of producing
13 ample fuel for its domestic and industrial pur-
14 poses, that it imports annually 15,000,000 tons
15 of coal at a cost to our people of many millions,
16 and that the national interests demand that the
17 coal industry should be stabilized and further
18 developed to ensure the use of Canadian products,
19 is of the opinion that the government of Canada
20 should take immediate steps..... as will enable
21 Canadian coals to be marketed in central part of
22 Canada, thus aiding in the development of inter-
23 provincial trade and utilizing to the fullest
24 possible extent one of our most important nat-
25 ural resources."

26 THE CHAIRMAN: Any questions now? Thank you
27 for your very full and most informative brief, Father
28 Hogan.
29
30



1 THE SECRETARY: I would like to call upon
2 Mr. Owen Hartigar who will present a brief on behalf of
3 the town of Sydney Mines and North Sydney. This will be
4 recorded as Exhibit No. 41.

5 --EXHIBIT No. 41: Submission on behalf of the Town of
6 Sydney Mines and North Sydney.

7 MR. HARTIGER: I might say that while I am
8 an independent operator, a small operator, I am also the
9 Mayor of the Town and those of us who drew up this brief
10 are representatives of various walks of life in the Town
11 who we consult with, including local unions in the Distr-
12 ict of Sydney Mines, North Sydney and Florence and the
13 surrounding areas. I wanted to point that out to you.
14 While the views, while I heartily endorse them, are also
15 the views from the people from this area. We will try and
16 be as brief as we can.

17 This brief is being presented to you today
18 on behalf of the citizens of the Town of Sydney Mines,
19 North Sydney, Florence, Little Bras d'Or and surrounding
20 areas. These are a group of Northside Communities who
21 are for the most part dependent on the coal industry.
22 The centre of coal mining activities is in the Town of
23 Sydney Mines and Florence. Old Sydney Collieries Ltd., a
24 subsidiary of Dosco, are the major operators. They have
25 two mines Princess and Florence; they also operate a
26 modern coal washing plant. The other operator is the
27 Indian Cove Coal Co. which operates two small mines. The
28 total work force of all these operations is approximately
29 1700.

30 These communities have an approximate population



1 of 23,000 persons. Sydney Mines, Florence and district
2 are practically 100% dependent on the coal industry. The
3 Town of North Sydney has many of its citizens working at
4 the coal mines at both Sydney Mines and Florence. In
5 addition, shipping pier facilities are located in the
6 Town of North Sydney. The town of Sydney Mines has
7 seven churches, six schools. Two new schools are presently
8 under construction at an estimated cost of \$600,000.
9 Twenty four hundred children are presently enrolled in
10 the schools of the Town of Sydney Mines; Florence, Little
11 Bras d'Or and district have twenty three hundred pupils;
12 The Town of North Sydney twenty three hundred. It must
13 be pointed out here the Town of North Sydney, while having
14 a good number of their citizens employed in the coal
15 industry, is not as dependent on the industry as would be
16 Sydney Mines, Florence, Little Bras d'Or and district.

17 It has been quite difficult for our communities
18 to plan for the expansion of badly needed civic services
19 and we have lagged far behind other communities in the
20 Dominion of Canada because of our total dependence on the
21 coal industry, which has had lengthy period of depression
22 over the last thirty years. However, during the war years
23 and post war years, our mines have been operating fairly
24 steady. This has enabled our communities to provide for
25 modest civic improvements such as street paving, new
26 schools, sewer and water extension programs. However,
27 it must be re-emphasized that we still lag far behind
28 other communities in the rest of our country. By way of
29 example, and as the direct result of adverse economic
30



1 conditions in the coal areas through the years, the Town
2 of Sydney Mines in 1945 had only been able to provide thirty
3 five per cent of its citizens with sewerage facilities.
4 We state emphatically that the coal mining communities
5 have been relegated in our national life to the role of
6 second or even third class by circumstances over which
7 we had little or no control. Present economic conditions
8 existing in our area at the moment are not good. In
9 Sydney Mines, Florence, Little Bras d'Or and district
10 there are approximately 700 unemployed persons. Requests
11 for Social Assistance is increasing. It was only in the
12 year 1950 that the Town of Sydney Mines had paid off its
13 Poor Relief Debt on money borrowed for this purpose to
14 alleviate unemployment conditions existing in the coal
15 areas during the 1930's. Continuation of civic improvement
16 programs are therefore entirely dependent on the mainten-
17 ance of steady work in the coal industry. We feel that
18 every effort should be made to prevent any closures or
19 cut backs in production, in order that our people might
20 provide for their families and that civic services be
21 provided at least on par with other communities in our
22 Province.

23 We fully realize that you have a difficult task
24 to perform. However we must point out that we, as citizens
25 of coal communities, demand that our people share in the
26 prosperity and development of the Dominion of Canada. If
27 this means that additional assistance be provided the
28 coal industry to keep our mines working steady, then in
29 our opinion this must be done. We wish to state that on
30



1 the question of aid to the coal industry by the Federal
2 Government wrong impressions are being created. It is
3 the feeling in some quarters that coal is receiving spec-
4 ial assistance not applicable to other industries. We
5 state that this is not true. There are many instances
6 in Canada where assistance is provided various industries
7 in the national interest. The coal industry is a natural
8 heritage and it must be developed to the advantage of the
9 people of this country. Closing coal mines is not new
10 to this area. Many mines have been closed down through
11 the years. Today the economy of this area is based on
12 the operations of two mines of Old Sydney Collieries and
13 two small operations in Indian Cove Coal Co. It is
14 therefore unthinkable to imagine the closure of any one of
15 our mines. If this, by any chance, should happen it would
16 create chaotic conditions. Recent happenings at Springhill
17 N.S., should make us all realize the seriousness of any
18 further closure. Coal communities of Nova Scotia are as
19 normal in every respect as in any other community in this
20 country not dependent on coal. When one makes a study of
21 families in any coal community it can readily be seen that
22 the same families have worked the coal mines of Nova
23 Scotia with very little change in the personnel of our
24 work force. Therefore it should be pointed out that our
25 people are really attached to their communities and
26 have no desire and indeed would resent any suggestion to
27 move elsewhere in order to maintain their families. The
28 average age of men working in the coal fields is approx-
29 imately 45 years of age. The Federal Department of Labour
30



1 have been making every effort possible to induce industry
2 in Canada to employ persons over forty-five years of age
3 with very little success. Therefore, if there should be
4 any further closure a good portion of our work force would
5 never be able to find employment. We do not feel sir,
6 that we should take up the time of this Commission with
7 too many general statements relating to the coal industry.
8 We wish in every way to be helpful to you in your endeavour
9 to solve some of the problems of the coal industry. Other
10 than to re-emphasize to you the social problems that would
11 be created, as a result of any further closure, would be
12 catastrophic.

13 We therefore recommend:

14 (1) That the present structure of our coal industry
15 be maintained. That all mines presently working would
16 continue operating, which would require in our opinion,
17 at least a market of seven million tons.

18 (2) That the coal mines should be assisted on the
19 basis of seven million tons up to at least 1970, at which
20 time our problems should be solved market wise. If this
21 should not be the case, we recommend another review be
22 made of the industry at that time.

23 (3) In the interest of efficiency we suggest that
24 an Advisory Board be set up to consider the efficiency
25 of management, production problems and marketing in order
26 to ascertain that public funds are administered to the
27 benefit of (a) the men employed in the industry (b) the
28 citizens of Canada.

29 (4) We request that a tariff be levied on imported
30



1 oil and that a subvention be arranged whereby it would
2 enable coal to be sold on competitive basis with imported
3 oil used for commercial and thermal power use in the Atlant-
4 ic Provinces and as far west as Montreal.

5 (5) Mr. H.C.M. Gordon, General Manager of Dosco
6 Coal Operation, stated at a Provincial Conference in
7 1959 that the life of Florence Colliery would be at
8 least fifteen years. We therefore recommend that in the
9 interim period that provisions be made for the opening of
10 a new Colliery which would be ready when the life of
11 Florence has expired. It has been stated on many occasions
12 by coal company officials that the reserves available on
13 the Northside were being held by Old Sydney Collieries in
14 the event that Florence Colliery would be closed. We
15 recommend that strip operations should not be allowed as
16 this would prevent a natural approach to available reserve
17 seams.

18 In closing, we hope that as the result of your
19 efforts you will see fit to recommend to the Government of
20 Canada that the coal mines of Nova Scotia be provided with
21 sufficient aid to allow them to operate full time and there
22 should not be any closures at least until proper planning
23 were effected by the Government of Canada to either open
24 new mines or other industries which would enable our
25 people to obtain employment and our communities be allowed
26 to survive.

27 THE CHAIRMAN: You spoke of a number of
28 closures in the past. Just when did they take place?

29 MR. HARTIGAR: Other closures?
30



1 THE CHAIRMAN: Yes.

2 MR. HARTIGAR: Well in our area the Bras d'Or
3 Coal Company operated two mines, the Franklin Mine and
4 the Old Bras d'Or Mine. Our own company operated two other
5 mines which are now closed.

6 THE CHAIRMAN: But when did this take place?

7 MR. HARTIGAR: During the last twelve, fifteen
8 years.

9 THE CHAIRMAN: Well what were the circumstances?
10 How were they different to these you are now speaking of?

11 MR. HARTIGAR: The circumstances in some cases,
12 the quality of the coal was poor, and also that limits
13 had been reached in some cases where it couldn't be
14 economically extracted.

15 THE CHAIRMAN: What size were these mines?
16 How many men would they employ? What was the significance
17 of the closures?

18 MR. HARTIGAR: In Bras d'Or area I think I
19 am safe in saying there were approximately 200 men employed.

20 THE CHAIRMAN: They were all relatively small?

21 MR. HARTIGAR: Yes, they were there sir.

22 THE CHAIRMAN: Any of the larger mines closed
23 within the last twenty-thirty years?

24 MR. HARTIGAR: No, none of the larger mines
25 were closed in that period of time. These are smaller
26 ones we refer to sir.

27 THE CHAIRMAN: Any of them have more than,
28 say, 200 men?

29 MR. HARTIGAR: No. I might say that the men
30



1 from those mines have been absorbed in the larger collieries.

2 THE CHAIRMAN: Would the companies owning the
3 mines closed up be in a position to actually open new
4 mines to carry on successively?

5 MR. HARTIGAR: No. I think in most cases I
6 could say no.

7 THE CHAIRMAN: They must have had other
8 mines operating-----

9 MR. HARTIGAR: They did.

10 THE CHAIRMAN: ----or they would have gone out
11 of business.

12 MR. HARTIGAR: That is right sir.

13 THE CHAIRMAN: And the opportunity is such
14 that they could be absorbed in other mines?

15 MR. HARTIGAR: They were absorbed in other
16 mines in the area.

17 THE CHAIRMAN: Any questions? (No questions).
18 Thank you Mr. Hartigar.

19 THE SECRETARY: I would like to call upon
20 Mr. D.A. McDonald who will submit a brief on behalf of
21 the Town of Glace Bay. This brief will be recorded as
22 Exhibit No. 42.

23 --EXHIBIT No. 42: Brief of the Town of Glace Bay.

24 MR. MCDONALD: First Mr. Commissioner, I
25 wish to thank you on behalf of the people of the Town of
26 Glace Bay for giving us this opportunity to come in and
27 present some views, for what they are worth. We hope
28 that in some small degree, at least, they may be a bit
29 helpful to you. Now I think to save time, with your
30



1 permission, perhaps we could go on to page 3. The
2 introduction will be just repetitious. Starting with
3 "operator" is that all right Mr. Commissioner?

4 THE CHAIRMAN: Yes.

5 INTRODUCTION

6 CAPE BRETON COAL FIELDS

7 It has been said that to modern civilization
8 there has been no other substance in nature excepting air,
9 soil and water so important as coal. It is a potential
10 dynamo derived from the dense decayed vegetation of
11 hundreds of years. Within each piece of coal is a vast
12 store of energy derived from the sun, the better the
13 grade the more carbon it contains, and when coal is burned
14 in combination with oxygen the intense heat, hoarded from
15 the rays of the sun years ago, is released. It is the
16 working power of coal which makes it so important to man.
17 One pound of coal burning in a modern engine can produce
18 as much work as a man doing hard labour in an entire day.

19 There are many varieties of coal, but we in
20 Nova Scotia and more particularly Cape Breton, are con-
21 cerned with bituminous coal since all coal in Nova Scotia
22 is of this class. Bituminous coal is a medium to high rank
23 black coal with coking qualities, poorly developed in high
24 volatile coals, but well developed in medium to low volatile
25 coals.

26 There are ten coal fields in Nova Scotia, the
27 most important being our own Sydney Coal field on Cape
28 Breton Island. The coal produced here is mostly Grade "A"
29 bituminous, generally good coking coal but having a rel-
30



1 actively high sulphur content, it is handicapped for us
2 in the manufacture of metallurgical coke and gas. It is
3 an excellent steam generating coal. Modern steam boilers
4 such as those in use in the Thermal Power Plant, Glace
5 Bay and the Dosco Plant at Sydney using this coal in
6 pulverized form achieve an efficiency of approximately
7 88%.

8 The Cape Breton Coal field is the most import-
9 ant in the Maritimes providing 80% of the total Nova
10 Scotia output and over 30% of total Canadian production.
11 Though this field has been extensively mined for over one
12 hundred twenty years the remaining reserves are considerable
13 (see Map 4 page 14, Royal Commission on Coal 1946). The
14 seams in this field move inland from the shore to a max-
15 imum distance of eight miles covering a land area of
16 two hundred square miles, unfortunately most of the readily
17 available coal has been mined (Royal Commission on Coal
18 1946, page 13). The area includes twelve seams of comm-
19 ercial importance ranging in thickness from three to
20 seven feet. Eleven of these have been or are being mined.
21 Much has been said of the quality of the coal produced in
22 this area and many minor differences have been noted in
23 quality of the product recovered from the various seams.
24 A typical analysis of coal mined in the Cape Breton field
25 is set out in the Report of the Royal Commission on Coal
26 at page 14 as follows:

27	Moisture	4. %
28	Ash	8.4%
	Volatile Matter	32.2%
29	Fixed Carbon	55.4%
	Sulphur	2.9%
30	Calorific Value	13.340 B.T.U. to lb.
	F.P.A.	2.025 F ^o



1 Dominion Steel and Coal Company in its sub-
2 mission to the Royal Commission on Coal in 1946 estimated
3 the reserves of recoverable coal at 402,800,000 long tons
4 in its Cape Breton mines. The Nova Scotia Steel and Coal
5 Company, operating Old Sydney Collieries, estimated its
6 recoverable coal at 42,250,000 long tons. The Provincial
7 Department of Mines estimate, submitted at the same time,
8 considered 976,800,000 long tons available for immediate
9 production. This last figure, of course, was based on the
10 entire coal field. The Commission estimated the tonnage
11 of recoverable coal at 1,764,184,000 short tons (see page
12 16, Royal Commission on Coal, 1946).

13 Coal mining in this area is extensively sub-
14 marine mining and has developed to a stage far beyond the
15 plans of early mining men. Technical advances have made
16 this possible and it is hoped further improvements will
17 allow greater expansion at not too high a cost. By
18 agreement of all, however, the life of this coal field will
19 be determined not by failure of the coal deposits but by
20 the ability to recover the coal at a reasonable cost.

21 OPERATORS

22 The principal coal operator, for many years now
23 has been Dominion Coal Company and it controls the majority
24 of the mines in the Cape Breton Coal field. Nova Scotia
25 Steel and Coal Company is operating mines on the north
26 side of Sydney Harbour. Of late operations of the Dominion
27 Coal Company have been taken over by A.V. Roe (Canada)
28 Limited. Two years ago when this new Company was in
29 the process of absorbing the Dosco chain of industries
30



1 into its vast complex, its officials stated that they were
2 aware of the importance of Dosco to the Maritime Provinces.
3 They further stated that it would be the policy of Avro to
4 strengthen and maintain the separate identity of autonomy
5 of Dosco within the framework of Avro's Canadian group.
6 They also pointed out that they felt association with the
7 Hawker-Siddeley Group of England would substantially
8 strengthen Dosco's business contacts abroad. They said
9 they hoped to see an increase in the business done by all
10 their Canadian Companies as success of the whole Group
11 depended on the success of each individual unit. We should
12 have reason to expect that this group with great physical
13 and financial resources, representing the largest private
14 research development and engineering force in Canada
15 should be able to make a worthwhile contribution to the
16 solution of at least some of the problems facing the Coal
17 Mining Industry.

18 WORKING FORCE

19
20 Having said this, I think it only fair that
21 we say something of the working force, which makes up the
22 mining population of Cape Breton Island and Nova Scotia
23 generally. Historically, Cape Breton Island, can and does
24 lay claim to some important precedents in the annals of
25 North America. Supposedly, Leif Erickson and his vikings,
26 who made the first crossing of the Atlantic, sighted Cape
27 North five hundred years ago. Signor Marconi sent his
28 first wireless message from Table Head in the Ward 5
29 District of Glace Bay. These and other items of historical
30 interest on the Island of Cape Breton are worthy of note.



1 Glace Bay has been called the coal mining
2 capital of Canada. It's not only a centre in relation to
3 its neighbouring districts of Donkin, Morien, Tower Road,
4 Reserve and other adjacent areas, but it has a common
5 interest with all citizens of these areas as wage earners
6 in the coal mining industry. Probably no better example
7 could be found of mining town development than Glace Bay.
8 It was carried on with a spirit of self-determination
9 from its establishment in the early fifties along the
10 lines of the proverbial, straggling, mining Community,
11 but it lost no opportunity, as time went on, to assert
12 itself, a fact which seems incidental to mining organiz-
13 ations, in its initial stages. There were, for example,
14 many years ago company houses owned entirely by the employer
15 and rented by the working force. These have now been sold
16 to the miner occupants with the result that in the Town
17 of Glace Bay, there is today a majority who are property
18 tax payers rather than a minority as was the case many
19 years ago. In the early days of coal mining there seems
20 to be a case of dependence on the Corporation which was
21 almost, some people felt, a semi-serfdom, where they
22 lived in company houses and bought their things from the
23 Corporation entirely. A dependence of that kind.

24 It was not long before they asserted themselves.
25 For example, as I mentioned many years ago the coal company
26 houses owned by the employer and run by the working force.

27 THE CHAIRMAN: Those are owned now largely
28 by----

29 MR. MCDONALD: By the workers. I might mention
30



1 one instance perhaps for your enlightenment, and I know
2 that things have changed. Conditions are far happier
3 between the company and the men now than they were in
4 those days.

5 I am sure that the Corporation men here recall
6 the 1909 strike when all, or most of the miners lived in
7 company owned houses. During the strike they were all
8 out on the street but things like that do not happen today.
9 They were out on the street and other people had to take
10 them in. Now they own their own homes.

11 The Town of Glace Bay is the principal centre,
12 its population twenty-five thousand approximately, is
13 spread over about ten square miles of territory. Of
14 course, it must be said, there was little deliberate
15 planning in the Town growth because this was impossible.
16 The growth of the Town followed the location of the collier-
17 ies set up by the operators. This explains the division
18 of the Town into various sections such as Bridgeport,
19 Caledonia, the Hub, the Sterling, East Slope, Number Two,
20 Number Three, Number Eleven and other local sub divisions
21 designated by the name of the mine located in the immediate
22 vicinity.

23 The Town of Glace Bay, its inhabitants and, of
24 course, the surrounding area, is almost solely dependent
25 on the success of coal mining for its very existence.
26 The Town was incorporated in Nineteen Hundred and one.
27 It has sixty-four miles of streets with a school population
28 of some 6,900 as of December 31, 1959. Within the Town
29 are operated three coal mines, Number Four, Caledonia,
30



1 Number Twenty in New Aberdeen district and Number Twenty-
2 six colliery also in the New Aberdeen district but almost
3 adjacent to the neighbouring Town of Dominion. Any mine
4 closure or curtailment of production would seriously
5 affect the life of the Town, since the great percentage
6 of the working population in this Community is employed
7 at coal mining. In Glace Bay and the group of smaller
8 communities which cluster about it, the Dominion Coal
9 Company furnishes the background against which life cir-
10 culates. This Company, taken over two years ago by
11 A.V. Roe, was formed back in 1893 from a group of smaller
12 competing Coal Companies which had their origin as far back
13 as 1858. This Company also operates the Sydney and Louis-
14 bourg Railway, the Steel plant in Sydney, and the Seaboard
15 Power Corporation in Glace Bay. Both Management and Labor
16 are dependent on outside economic forces, and both have met
17 periods of storm and stress, and, have emerged with a
18 growing sense of mutual self respect and joint respons-
19 ibility all directed to the common good of the Community.
20 Perhaps, the best example of common effort that can be
21 cited for the information of the Commission is the erect-
22 ion of the Community owned Glace Bay Miners' Forum built
23 as a Community enterprise and to which both Miners and
24 operators contributed generous financial support with
25 the citizens at large in the Town of Glace Bay.

26 To sum up, I think we might well ask, "Who is
27 the coal miner?" Specifically, "Who is the Cape Breton
28 miner?" The Cape Breton coal miner because of his long
29 association in the community in which he lives has a
30



1 strong tradition of local pride. Most descend from
2 settlers who came to Canada in the 18th and 19th century
3 from the British Isles. According to the figures submitt-
4 ed to the Royal Commission on Coal in 1946, four-fifths
5 of the men employed in the Coal Mining Industry in
6 Nova Scotia, at the time of the 1941 Census, were Canadian
7 born, fourteen per cent born in the British Isles.
8 Of these, three quarters had always lived in Nova Scotia,
9 and virtually all the rest had been there for over ten
10 years. He is a man with an interest in his union and in
11 his community. Perhaps, the greatest evidence of joint
12 participation with his employer is the Dominion Coal
13 Workers' Relief Association, a mutual benefit society,
14 operating on a democratic basis which has been set up
15 to provide relief in case of sickness and to pay claims
16 in case of death. These amount to well over two hundred
17 thousand dollars each year. The Society functions out of
18 a small office located in the General Offices of the
19 Company and the Miners, Company, and Provincial Government
20 all contribute to the funds included in its annual
21 receipts and benefits. The coal miner too subscribes to
22 the check-off which though having many disadvantages has
23 advantages too. Speaking on behalf of the Town of Glace
24 Bay and the adjoining areas, the check-off system enables
25 us to collect a substantial part of our taxes. It also
26 enables the worker and his family to have prepaid medical
27 care. It helps him assist in the operation, in the Town
28 of Glace Bay, of two community owned hospitals. Through
29 this same system he contributes to the support of his
30



1 church. There are eighteen churches in the Town of Glace
2 Bay alone, dependent for financial help on the Check-off.
3 All these features directly arising from operation of the
4 coal mining industry, benefit the coal miner and his
5 community.

6 In the beginning we asked, "Who is the coal
7 miner?" "What is he like?" "What is his attitude towards
8 life?" The coal miner of Cape Breton has long been loyal
9 to his community. He participates in such organizations
10 as the Dominion Coal Workers' Relief Association. He
11 belongs to his union, The United Mine Workers' of
12 America, District 26, one of the few organizations in the
13 whole of the United Mine Workers Organization enjoying
14 district autonomy. It is not affiliated with the Canadian
15 Labor Congress. The Coal Miner is a strong advocate of
16 cooperative housing as administered by the Nova Scotia
17 Housing Commission. He is an active participant in Credit
18 Unions, he believes in community organizations, and can
19 be depended upon to take an active part in them. He is
20 a loyal citizen, in time of war those not accepted for
21 military service stayed on to produce coal, so much needed
22 for the war effort, at reduced wages. He is the individ-
23 ual who belongs to the Community where the enlistment
24 record was always high.

25 The coal miner is a good citizen, a true friend
26 a loyal neighbor. He is a devoted family man, strong in
27 the belief that his children should have educational oppor-
28 tunities which he was not privileged to have. More
29 than one Maritime University numbers in its student body,
30 sons of Cape Breton miners. He has a right to be allowed



1 to continue to live in his community to earn his living
2 in dignity, and to enjoy the modest benefits which are
3 the right and title of any citizen in this great Dominion.
4 This, I suggest is his principal interest in the continua-
5 tion of the Coal Mining Industry in Cape Breton.

6 GOVERNMENTS

7 Now let us look for a moment at the attitude
8 of Government; Dominion, Provincial and Municipal. The
9 Federal Government has set up the system of Subvention
10 payments, which enable Nova Scotia coal to compete in
11 part of Central Canada with imported American coal. It
12 is hard for people to understand but Subvention Payments
13 actually mean nothing, by way of wages, in the pay envelope
14 of the coal miner. Though it does sometimes enable him
15 to get that pay dollar in his pay envelope. It doesn't
16 go directly in it, but is reflected in it. The subvention
17 system is designed to make Nova Scotia coal competitive
18 with imported American coal. The Federal Government by
19 Subventions, increased last year with the help of the
20 Province of Nova Scotia has helped Nova Scotia coal move to
21 centers in Canada where it was not competitive before.

22 This, of course, brings up the question of the
23 Seaway. It is extremely difficult to understand why if
24 the Seaway is of benefit to Central Canada and will per-
25 haps afford American coal an opportunity of cheap trans-
26 portation to Montreal, long a traditional market for Nova
27 Scotia Coal, it cannot benefit Nova Scotia too. Why then
28 is it not possible to move Nova Scotia coal, at a cheaper
29 rate, further up the Saint Lawrence and into the industrial
30



1 centers of Ontario where large amounts of coal are presently
2 used and more will be needed as Ontario Hydro Electric
3 Commission put into operation new Thermal Power plants.
4 Many of the boats used to move Nova Scotia coal are not
5 equipped to unload at docks in the Great Lakes area.

6 An investigation should be instituted without delay to
7 determine whether it would be feasible to have a fleet of
8 self-unloading vessels capable of taking coal either from
9 Montreal or Cape Breton ports, moving it to the Great
10 Lakes area and unloading it at these ports. This is more
11 within the scope of authority of the Federal Government,
12 and close study could determine whether or not assistance
13 in this way is possible. A.V. Roe (Canada) Limited the
14 parent Company, has large shipbuilding interests and oper-
15 ate Dominion Shipping Co. Ltd., as part of its great
16 corporate system. Could they possibly solve this problem,
17 on their own? A bold imaginative step in this regard
18 would do much to restore confidence and build up good will.

19 The Provincial Government, the custodian of
20 the coal deposits under the terms of the British North
21 America Act is vitally concerned in continued operation.
22 The Provincial Government is concerned too, because it
23 is estimated that at least thirty per cent of the population
24 of Nova Scotia either directly or indirectly is concerned
25 with the future of Coal Mining in Nova Scotia.

26 The Provincial Government conscious of its
27 obligation and aware of the impact of this industry on
28 the economy of Nova Scotia has made clear to the Federal
29 Government the seriousness of the situation if any of our
30



1 coal mines should be closed.

2 At our own level of Government, Municipal,
3 with real property tax as our principal revenue source
4 for the maintenance of present services and provisions of
5 social capital we are, at the present time, in an extreme-
6 ly cirritical situation with a back-log of un-met needs.
7 We speak particularly of the Town of Glace Bay, a municipal
8 unit dependent on the Corporation for most of our indust-
9 rial assessment and collection of a large volume of Muni-
10 cipal taxes. Should mines be closed down, should workers
11 be thrown out of work and large scale unemployment ensue,
12 the situation in the Town of Glace Bay would be extremely
13 difficult. And, in speaking of Glace Bay, it must be
14 borne in mind that other Municipal units in this area
15 would be faced with a similar crisis. Roads would have
16 to be maintained as would two local hospitals, the school
17 system, and all other municipal services designed to
18 serve the Town's population of twenty-five thousand. It
19 is humbly suggested to the Commission that the suggestion
20 of the Gordon Commission, that these people be moved
21 elsewhere is not the simple answer. Surely it must be
22 obvious to anyone, that if we ought to move the unemployed
23 working force they would require similar municipal ser-
24 vices in their new location, they already exist in this
25 community and would have to be abandoned. I think, in
26 all fairness, such a suggestion is economic folly.

27 Perhaps we could skip the history there and
28 go on to page 12, at the bottom of the page, "Assistance
29 by Subventions".
30



HISTORY OF EARLY MINING OPERATIONS

Cape Breton has always had an historical connection with coal mining. The early French Settlers at Louisbourg mined coal at what has been called for many years the French Slope in the New Aberdeen district now part of the Town of Glace Bay. The same French settlers sailed around to Morien where coal was mined and taken to Louisbourg. This was the beginning of the Cape Breton connection with Coal Mining. Off and on the industry has carried on down through the years and it has been said that perhaps in the eighteen sixty's the growth of the Nova Scotia coal industry was typical of that particular time. From the decade 1861 to 1870 we have the beginning of intelligent systematic mining in Nova Scotia. In 1864 licences to a search, chiefly for coal, and covering some twelve hundred square miles were sought. A great number of these, of course, covered almost wholly land areas. In the early nineties we had the boom caused by the formation of what we now know as Dominion Coal Company.

EARLY COAL MINED

In 1864 the Government of Nova Scotia knew of no fewer than thirty individuals or corporations engaged in coal mining ventures in the Province. But in 1866 there were only nineteen companies sending reports to the Commissioners of Mines. In 1912 three of the mines of the Dominion Coal Company produced more than did the six larges in 1868. In that same year the production per miner amounted to 175 tons, for the year, while in 1911 the production was 443 tons. It should be noted,



1 however, that mining machines were not even a dream in
2 those early days. Just one hundred years ago Cape Breton
3 mines sold about two and one half times the quantity of
4 coal sold by Pict County mines. Coal mining, in the
5 early years, was more arduous than today but it has
6 begotten a stout-hearted people rich in its history and
7 loyal to the industry.

8 The railway from the Old International Mines
9 to Sydney, presently part of the Sydney and Louisbourg
10 Railway, was built in the late eighteen sixties. During
11 the ten years from 1871 to 1880 the coal trade did not
12 sustain the steady rate of increase of the earlier or
13 following years indeed, during the last half of this ten
14 year period, the coal trade could only be said to be
15 marking time. The actual sales of coal for the years
16 1876 to 1880 were 50,000 tons short of what they had been
17 during the five preceding years. So far as an actual
18 sales increase is concerned the period from 1831 to 1840 is
19 one of the most important in the history of Nova Scotia
20 Coal Mining. During this period it may be said of the
21 industry that it threw off its swaddling clothes and came
22 of age. The increase in sales during these years was
23 600% in excess of what it had been during the preceding
24 ten years. In 1871 Coal Royalty yielded \$52,846.00 to
25 the Province and in 1911 the amount was \$591,556.00. In
26 1874 the first Coal Mines Regulation Act was in force and
27 in that same year the freight on Cape Breton Coal to New
28 York was from \$4.25 to \$4.50 per ton. On occasions a low
29 rate of \$2.50 per ton was charged. In the last year of
30



1 the 1870's the Provincial Workmen's Association was
2 formed. Perhaps one of the most notable things in con-
3 nection with the history of coal mining in Nova Scotia
4 and one that bears repeating is that in the year 1875
5 over 700,000 tons of coal were sold without a single
6 fatal accident occuring underground. This is a record
7 which we might well boast of even today.

8 This is but a brief synopsis of the early
9 history of this important industry. Its early beginnings
10 are closely woven into the life of Nova Scotia. It has
11 roots which go deep, a past rich in the story of industr-
12 ial development, of toil and strife, victory and defeat.
13 Must it now be abandoned to a barren future forsaken by
14 those of whose very life it forms a part.

15 EARLY MARKETING.

16 Early marketing of coal was by small coastal
17 vessel, these operating from local ports, served the
18 coastal trade, New England and Newfoundland. Originally
19 the Port of Glace Bay was an important Coal shipping point.
20 The harbour, an artificial one, made by piercing a sandbar,
21 catered to these small boats which were loaded with coal
22 brought directly by rail from nearby collieries. For many
23 years these vessels supplied the markets and reasonably
24 steady employment prevailed. Lated as Canada developed and
25 the bigger industrial markets opened up in the Montreal
26 area, Glace Bay fell into disuse as a coal-shipping port
27 and coal was moved by railway to the ports of Sydney, or
28 Louisbourg, loaded in large collieries and taken by water
29 to Montreal. Thus the development of early marketing of coal
30



ASSISTANCE BY SUBVENTION

Coal is a vital national resource of Canada, always has been and will be for time to come. Back in 1917, D.H. MacDougall, then General Manager of Dominion Steel and Coal, said in addressing the annual meeting of the Canadian Mining Institute:

"Nova Scotia Coal at the present time and throughout the whole course of this war has been used for war purposes".

Later in the course of his remarks he stated:

"It has needed the war to demonstrate the value of coal in another way, that is as the equivalent of gold as a medium of commercial exchange and a stabilizer of currency. The financial strength of Great Britain which is the wonder and admiration of the entire world has been much assisted by her ability to export coal in addition to keeping her own fires burning. It has been a most helpful factor in maintaining British credit and the purchasing value of the pound sterling."

Strong sentiment, well expressed and, we feel, the spirit of it at least, as true today as it was in 1917. Coal was much to the forefront at all times in the history of Nova Scotia. Beset then, as it is today, with many problems it provoked House of Commons action in 1923. In that year a Committee of the House of Commons and a committee of the Senate inquired into matters pertaining to coal including the possibilities of increased use, in Central



1 Canada of coal produced in the Maritimes and Western
2 Canada. Out of the deliberations of this committee was
3 born a resolution which passed the House of Commons March
4 31, 1924. Briefly, it stated that in the opinion of the
5 House the time had arrived for Canada to be independent
6 of the United States for a coal supply and that the
7 Government should consider the institution of an all
8 British and Canadian coal supply, and that the policy was
9 both a social and economic necessity to the best interests
10 and future of Canada. Growing out of this attention,
11 directed to the Coal industry, and as the result of
12 various test movements of Nova Scotia coal to Central
13 Canada in the early 1930's, carried out under the auspices
14 of the Board of Railway Commissioners and the Dominion
15 Fuel Board, a policy of subvention assistance was devised.
16 Starting in May, 1931, Order in Council, P.C. 1300,
17 provided for assistance in the movement of Nova Scotia
18 Coal to points in the Provinces of Quebec and Ontario.
19 Under prevailing conditions then, Nova Scotia coal carried
20 by water from Sydney or Louisbourg, could be delivered at
21 St. Lawrence ports at a cost competitive with American
22 coal but, to enable it to be carried on further from
23 these ports by rail, assistance was granted, varying
24 from one-fifth of a cent per ton mile to one-third of a
25 cent per ton mile. The maximum assistance at that time
26 was \$1.50 per ton. In addition coal shipped wholly by
27 rail to points in the Provinces of Quebec and Ontario,
28 during the period from November to April, was granted
29 assistance of one-seventh per cent per ton mile, the
30



1 maximum being \$2.00 per ton. In May of 1932 by P.C. 1048
2 this scheme for Subvention Assistance was confirmed and
3 coal purchased by the Railways for their own use in
4 Quebec and Ontario was assisted. This assistance was
5 greatly altered by the impact of the second World War
6 when Maritime coal ceased to move into Ontario and ship-
7 ments to Quebec were curtailed. Orders in Council sub-
8 sequently provided assistance for the movement of Nova
9 Scotia coal within Nova Scotia and to the Province of New
10 Brunswick and altered the terms under which assistance
11 was granted on movement of coal to the Province of Quebec.
12 To a great extent this assistance was for the protection
13 of the consumer under the Wartime Price Ceiling Policy.
14 This program of assistance in the movement of coal is
15 being continued. It was increased last year by the Fed-
16 eral Government and the increase on this occasion was
17 supplemented by assistance from the Government of the
18 Province of Nova Scotia. However, assistance by sub-
19 ventions is of little use if markets cannot be found for
20 coal. It is humbly suggested to the Commission that
21 subvention assistance for movement of Nova Scotia coal
22 to Thermal Power Plants should be established, it is
23 further suggested that any Thermal Power Plants in this
24 area should burn coal as a further aid to our Maritime ec-
25 onomy. New markets must be found if coal is to thrive.
26 May we stress to the Commission the urgency of ensuring
27 that Maritime Coal is used in Thermal Power Plants now
28 being built in the Province of Ontario. These Plants
29 will require substantial tonnages of coal each year
30



1 beginning next year. Surely here is an entirely new
2 market which should be properly allotted to Maritime Coal.

3 The average cost of moving Nova Scotia Coal
4 under subvention last year amounted to \$3.69 (Dominion
5 Coal Board Report 1959-1960). It is expected that sales
6 of Nova Scotia Coal in Quebec and Ontario will reach at
7 least two and one half millions of tons. Increased sub-
8 ventions being paid again this year will, it is hoped,
9 remove the spectre of large stock piles of coal on the
10 Cape Breton horizon. Increased mechanization has increased
11 production in Nova Scotia mines but other rising costs
12 have offset this in a somewhat larger way. Our mines have
13 been called old, gaseous, and having crooked seams and
14 we have been criticized too when our per man-day produc-
15 tion record is compared with Western Canadian and United
16 States Mines. However, the picture is a bit encouraging,
17 it is hoped that the operators will pursue a more vigorous
18 sales policy particularly, in the Maritimes. It is felt
19 that too much attention cannot be paid to the Domestic
20 trade which if developed will take up considerable prod-
21 uction. Coal as a Vital Natural Resource deserves special
22 attention, it is still a prime source of Canadian energy.
23 Atomic energy will not be competitive, on a cost basis,
24 except in remote areas, in the foreseeable future. Pipe-
25 lines have and are still being laid, some with public
26 assistance, to supply parts of Ontario and Quebec. Some
27 will be completed before markets, best served by gas,
28 fully develop. Is it not fair to expect that to keep
29 these lines at full capacity, gas producers and gas line
30



1 operators may, for a limited time, offer gas, in areas
2 now served by coal, at unreasonably low prices. We feel
3 assistance is necessary to maintain coal in a competitive
4 position with natural gas during the period while a
5 natural gas market is being developed. That possibly
6 could be done by assuring that no gas was dumped or sold
7 at a loss or below reasonable price to industry. In the
8 Maritimes oil poses an imminent threat. There is a wide-
9 spread opinion that gasoline users are subsidizing indus-
10 trial users of residual oil. If this be so, and proper
11 investigation should determine it, residual oil would
12 possess an unfair advantage over other Canadian fuels.
13 The coal Subvention Policy designed to assist the Canadian
14 Coal Industry by making its product competitive with one
15 foreign fuel, namely American Coal, is frustrated by the
16 fact that another foreign fuel namely oil, both crude and
17 residual, enters this Country virtually free of duty and
18 moves over our railways at an agreed charge.

19 To sum up, it is suggested that the Subvention
20 program be continued and expanded to the extent necessary
21 to provide new markets in Ontario at least equivalent in
22 tonnage to the lost because of deiselization of our
23 Canadian Railways, and also steps be taken to correct
24 the situation regarding foreign oil. It is further con-
25 tended that the Coal Mining Industry is entitled to
26 assistance because we in Nova Scotia, as part of the
27 Maritime area, through taxes, contribute to the sub-
28 sidization of other industries in Canada. The Commission
29 is aware of the fact that the automobile appliance and other
30



1 industries in Canada enjoy considerable protection. The
2 trend toward centralization in Central Canada has been
3 subsidized by the favourable freight rates which industries
4 in Central Canada enjoy. Further it might be added that
5 much more study should be devoted to the use of coal as
6 a possible source for further development of thermal
7 power.

8 In the Province of Ontario, hydro power pot-
9 ential is almost exhausted and industrial demands are
10 increasing at a tremendous rate. It is fair to contend
11 to the Commission that Maritime coal should supply the
12 further power needs of the Province of Ontario. It is
13 also fair to suggest that Maritime coal, within reason,
14 is entitled to any assistnace which it may require to
15 enable it to compete with American coal. All this is
16 suggested in the light of the fact that Canada is a
17 coal-importer, importing some twelve millions of tons of
18 coal each year from the United States. That is a minimum.
19 Is it not fair to suggest that industrial development in the
20 United States as it grows is going to need this coal supply?
21 Is it not fair further to suggest that we in Canada by
22 importing American coal are going to become dependent
23 on the United States for the supply and should the supply
24 in the United States be required for development at home,
25 we will find ourselves in the embarrassing position of
26 being without a coal supplier, and as a result short of
27 power for our own industrial development. This will all
28 follow as a natural conclusion if we fail to husband and
29 protect the coal mining industry in Nova Scotia and make
30



1 it available as a source of power supply for further
2 industrial development in Central Canada. Time and effort
3 too should be devoted to the study of the new project which
4 has been started this year in the State of Kentucky in
5 which the Nova Scotia Department of Highways has shown
6 a keen interest, that is the use of coal in the making of
7 pavement. Perhaps this in itself might provide a source for
8 the use of coal.

9
10 ROLE OF THE MINING TOWN.

11 We have spoken of the miner, of his history
12 and his background and we have of course referred to the
13 coal mining Town. We would like to dwell at a little
14 greater length on the role of the mining town in this
15 particular crisis. We need not point out to the Commission
16 at any great length that the mining towns have existed and
17 have a certain vested interest in this problem. The Town
18 of Glace Bay, of which we speak particularly, is one
19 of these. It was a mining community long before its in-
20 corporation as a town in 1901 and has grown with the coal
21 industry. The Town of Glace Bay with its population
22 of twenty-five thousand has been singled out for years as
23 the coal mining capital of Canada. Here we have seen the
24 Coal Mining Industry throw off its swaddling clothes and
25 come of age, we have seen commissions presided over by
26 such noted citizens as Sir Andrew Rae Duncan, Mr. Justice
27 W.F. Carroll and many others come to inquire into the
28 proper development of a vital National Resource, coal. All
29 this has made our Towns aware of their responsibility.
30 That, Mr. Chairman, is the principal reason why we appear



1 before you today. We speak not particularly of the Town
2 of Glace Bay, but of the whole group of towns in the Cape
3 Breton area which look upon this as a threat to their
4 future, a shadow cast over their very existence. The
5 Town of Glace Bay has among its citizens people solely
6 dependent on the coal mining industry for their livelihood.
7 The town has built up for its citizens over the years, by
8 prudent management, municipal services comparable in a
9 favourable way to any other center in Canada. It has
10 none of the attributes of a big city, it perhaps lacks some
11 of the things that one should like to see in the modern
12 up-to-date town. But at the same time, we pride ourselves
13 on certain things in our community, on our loyalty, on
14 our tradition, on the fact that we are closely connected
15 with the coal mining industry. All this indicates the
16 very important stake we have in the future of coal mining.
17 The town must maintain existing services, it must go
18 on or die. It is not sufficient to say that streets must
19 be allowed to wear out, that bridges be allowed to collapse,
20 that schools fall down, for lack of repair or that many
21 other municipal services have to be abandoned. Our people
22 are entitled to earn a modest living, and to raise their
23 families in respectable surroundings. This is no more we
24 contend than the right of any citizen in any Community in
25 Canada. For this reason we are greatly concerned lest we
26 lose a vital industry.

27 In Nova Scotia over one hundred twenty thousand
28 people are directly affected by the coal industry, many
29 more indirectly. We in Glace Bay are part of this group.
30



1 Must our people live at lower wage levels? Are we to enjoy
2 a lower standard of living? Must our standards of health
3 be lower? Are educational opportunities to be lessened,
4 because coal is not competitive? What do we suggest,
5 what have we to offer by way of help to the Commission?
6 Mr. Commissioner it is suggested that coal does have a
7 future. During war time it was stated that coal was a
8 prime national resource and the attitude of the Federal
9 Government, in time of war, was one of keen interest,
10 interest to the extent that they provided a subsidy to
11 maintain production, and, it is contended, this concern
12 should continue in times of peace. We have it on the word
13 of competent operators in coal mining, that if any of these
14 Cape Breton mines are closed at this time it will be impos-
15 sible to open them up again because the cost will be too
16 great. By way of a start Mr. Chairman it is suggested
17 that there should be a leaven of frankness in the relation-
18 ship between the operator and the miner. This is not
19 intended as a criticism of either party, but we do feel
20 that there is something extra needed. Perhaps one might
21 call it an act of faith in the future of coal mining on
22 the part of the operators. For years the coal miner has
23 been plagued with the spectre of impending unemployment,
24 haunted by the fear of "Slack Time". It strikes us as
25 strange that each time there is talk of expansion or wage
26 negotiations, the matter of the uncertainty of the coal
27 industry is always brought up. We think Mr. Chairman it is
28 time the coal miner was brought closer in the picture. We
29 cite for the information of the Commission the mechanization
30



1 recommended by the Royal Commission on Coal in 1946 with
2 special funds made available through Government loans.
3 It is humbly suggested that little effort was made to
4 outline this program to the working force. It was started,
5 it was simply declared that it was going to be done and
6 this was the cure. Now we are told that this program
7 is bogging down, that it is not producing the right coal.
8 We need a firm understanding by the operator, by the work-
9 ing force, and by all three levels of Government on exactly
10 what the future holds. This is not easy but I suggest we
11 must be told frankly if such be the case, where we have
12 to go, that there is a future, and that the operators
13 believe in that future. If financial assistance is nec-
14 essary to make this a real live possibility, then it is
15 suggested that it should be forthcoming because coal, a
16 vital industry in time of war is a prime natural resource
17 in time of peace. We cannot jeopardize the future of
18 this resource by closing mines because if these mines are
19 closed, we say again they cannot be reopened at a reason-
20 able cost. The working force is skilled and are particular-
21 ly adapted to this type of industry and should be en-
22 couraged to stay with it. They possess a particular type
23 of training all their own, and uncertainty of employment
24 at present is driving many of the younger members of the
25 working force from Coal Mining. All this, is related in
26 light of the fact, and this was mentioned previously,
27 that Canada is a coal importing country, the great bulk
28 of it coming from the United States. As we look to the
29 future coal will be needed in the United States for their
30



own use. In Ontario Hydro Resources are almost exhausted, atomic energy is not competitive with coal and natural gas resources are not yet fully proved. Therefore, coal must be preserved as a prime generator of thermal power. Coal is capable of still further development as a generator of thermal power within the Maritimes. The development of the Maritime Power Grid Distribution System was suggested in the Christie Report. This development now being implemented could be of great benefit to the Maritimes. The Seaboard Power Corporation, a subsidiary of Dosco, has been supplying, in addition to Dominion Coal Company power needs, other domestic customers in the Sydney - Glace Bay area and the publicly owned Nova Scotia Power Commission for customers on the Mainland of Nova Scotia. However, recently the Nova Scotia Power Commission completed a new one hundred ten thousand volt line, across the strait of Canso and now its plant at Trenton is displacing Seaboard Power Plant as a supplier of electric energy in parts of Cape Breton. Undoubtedly some of the coal used in this Plant will be hauled by rail from Cape Breton. This round-about and expensive way of generating power could be avoided, if Seaboard Power Corporation would join the New Distribution Grid. To do this it would be necessary for Seaboard Power Corporation to build a new line from the City of Sydney to the village of Baddeck in Victoria County to connect with the Power Commission main line. This new line would be a costly venture. The Dosco subsidiary has been invited to join in the Maritime Wide Grid system but so far it has declined to make the



1 expenditure either from its own funds or through assistance
2 by a low cost government loan. Besides resulting in
3 the importation of considerable coal-produced electricity
4 into the Island of Cape Breton. This kind of policy does
5 not reflect a very optimistic outlook for the future of
6 Cape Breton from the Island's principal industrial
7 concern. This is one more aspect of the mounting crisis in
8 coal to which the Commission should direct its attention.

9 What measures can reasonably be adopted by
10 operators and by governments to support economic production
11 of coal? There seems to be no doubt that the existing
12 freight rate structure places steel and other Maritime
13 manufactured products at a disadvantage over other
14 commodities in the central Canadian market. Effective
15 action to correct this situation to such an extent that
16 it would be economically feasible to produce, at Sydney,
17 all the steel needed for processing, at the proposed new
18 Dosco Plant at Contrecour, would strengthen the economy
19 of this Island and assure a growing market for Cape Breton
20 coal. In 1949 the Maritime Assistance Act was passed
21 to make it possible for the Corporation to mechanize its
22 mines and to construct wash plants to clean and grade coal.
23 One plant now in operation at the Northside and has
24 proved its worth. However, its capacity is not sufficient
25 to supply the demand for treated and graded coal. Plans
26 have been drawn and re-drawn for a similar plant on the
27 Southside in the more than ten years which have passed since
28 this much needed facility was recommended. In the meantime
29 domestic and perhaps industrial consumers have been lost.
30



1 We are strongly of the opinion that consumer acceptance
2 of these products would be enhanced if varieties of
3 treated and graded coal were available. Construction
4 should be proceeded with as quickly as possible. Although
5 mechanized mining has increased productivity per man day
6 it has, apparently, increased the amount of ultra fine
7 coal produced, and for this commodity it is difficult
8 to find a ready market. A substantial quantity might
9 be sold in the form of briquettes. Total sales of
10 coal in this form have not been great but experimentation
11 might well find additives which would make it more saleable
12 for some industrial use as well as the domestic market.
13 For the latter it might be packaged and sold in retail
14 stores. Thermal power needs in the Maritimes can be
15 expanded to use Cape Breton coal. We have a prime example
16 of the use of coal in such an endeavour at Seaboard Power
17 Plant, Glace Bay where it has been found to be a top grade
18 steam generator.

19 For several years now, through the columns of
20 local newspapers, we have been advised that both Newfound-
21 land and Prince Edward Island domestic markets need coal
22 during winter months. Could the operators take under
23 advisement the possibility of erecting low-cost loading
24 facilities at the port of Glace Bay to be used by small
25 boats to serve this market? The coal could be brought to
26 the port from nearby collieries, the small vessels loaded
27 here, at not too great a cost, to serve the needs of such
28 markets.

29 In September 1959 the Dominion Coal Company
30



1 announced that it would be compelled to close, permanently,
2 three of its Cape Breton mines. The reasons given were
3 the deterioration of markets and a loss of \$1,805,345.00.
4 In a private enterprise system and, generally speaking,
5 under any system that one can visualize, business should
6 show a reasonable profit. Any loss and more particularly
7 a loss of this magnitude causes apprehension and warrants
8 examination. We do not wish to imply that the Company did
9 not follow accepted accounting procedures, or attempted to
10 deceive its shareholders or the public but we do, however,
11 suggest that the picture is not as bad as would appear
12 at first glance. The Company's Profit and Loss Statement
13 shows a loss of \$1,805,345.00 for the period August 1,
14 1958 to July 31, 1959 compared with a profit of \$360,466.00
15 for the seven-month period ending July 31, 1958. However,
16 the deficit account increased from \$1,563,629.00 to
17 \$2,449,885.00, a net change of \$886,256.00 or \$919,089.00
18 less than the reported loss.

19 Mr. Chairman, would you like to look at the
20 report?

21 THE CHAIRMAN: I think later.

22 MR. MCDONALD: You will check it after?

23 THE CHAIRMAN: Yes.

24 Two items are responsible for this difference.
25 The first item being additional subventions received in
26 respect of prior years amounting to \$422,848.00 and a
27 transfer of operating and contingent reserves of the
28 Cumberland Railway and Coal Company in the amount of
29 \$496,241.00. Springhill disaster expenses, charged to
30



1 current costs, amounted to \$683,449.00 or \$187,208.00 more
2 than the operating and contingency reserve directly
3 attributable to that particular part of the operation.

4 It should be noted that the net account remaining in this
5 fund, after this transaction, was \$3,381,928.00. During
6 the calendar year, 1958, the mines were idle twenty-five
7 days because of lack of markets. I am not certain
8 about whether it is fifteen days or twenty-five days.

9 MR. GORDON: Twenty-five during the calendar
10 year.

11 MR. MCDONALD: Thank you.

12 In 1959 they were idle for an average of
13 approximately forty days. Since the 1958 closedown came
14 in the latter half of the year and the closedown in 1959
15 in the first half the cost of both periods were reflected
16 in the fiscal year 1958-1959. Depreciation charged
17 amounted to \$1,740,743.00. Accumulated reserves at the
18 end of the period, were \$32,177,254.00 equivalent to
19 58.3% of fixed assets valued at \$55,021,362.00. The
20 corporation has followed the practice of treating the
21 amounts received in subvention payments in respect of
22 prior years, as a separate item. No fault can be found
23 with this procedure, but, if it were possible to include
24 these credits in the current statement, losses would be
25 lessened in the years during which a loss is incurred and
26 a greater profit shown when a profit was earned. We
27 contend that the loss shown for the year 1958-1959 was
28 actually much less than at first appeared, that part of it
29 was due to a non-recurring item namely the Springhill
30



1 disaster, and the balance due to the shut down periods of
2 two calendar years being reflected in a single fiscal
3 year. An aggressive sales policy coupled with an
4 increase in Subventions to open up new markets in Ontario
5 would overcome the latter and provide steady employment.

6 Replacement of the older and more costly mines
7 with new openings would reduce costs, and in time lessen
8 the amount of subvention assistance required and make the
9 product more competitive. Because of the tight money
10 situation, and the Dominion Coal Company's shortage of
11 funds for capital purposes, we suggest the Commission
12 give earnest consideration to the problem of making funds
13 available. Hitherto the subvention policy has been on
14 a year-to-year basis and this fact has thwarted long range
15 planning. A firm but generous policy established for a
16 period sufficient to permit the company to carry on until
17 the effects of mechanization are fully realized, the an-
18 ticipated new markets come into existence and new openings
19 are put into production could well result in the provision
20 of new capital money by the Hawker-Siddeley Group, the
21 parent company. Failing this, Federal assistance should
22 be made available for the purpose.

23 Research aimed at finding new uses for coal,
24 better preparation, raising of the fusion point of ash, and
25 more efficient coal burning equipment should be continued
26 and pressed vigorously. The coal Turbine experiment should
27 continue.

28 For a period of years all this will cost a
29 good deal of money. However, all this money will be spent
30



1 in Canada, most of it in wages to Canadian workmen.

2 "Canada will have huge industrial energy
3 requirements in the foreseeable future and, in the
4 opinion of experts on the subject, the tonnages
5 of coal mined and consumed in this Country will
6 greatly increase. From another viewpoint coal,
7 in time of emergency, is an essential element
8 in National Defence."

9 (Dominion Coal Board Report, 1957-1958, page 10)

10 "While oil and natural gas may have the glamour
11 associated with relatively new discovery and
12 development, Coal, which may have become prosaic
13 because of its ancient history, will undoubtedly
14 remain a potent and growing force in the indust-
15 rial and power field. The problem in Canada is
16 to maintain coal mining in the strategic areas
17 of supply so that it may fulfill the role that
18 it will undoubtedly be called upon to play in
19 our economic expansion."

20 (Dominion Coal Board Report, 1955-1956, page 16)

21 Canada, through the Colombo Plan, has been
22 helping underdeveloped countries. This help has taken
23 many forms, technical assistance, construction grants,
24 donations of food and other necessities. This great
25 program has enhanced the reputation of Canada as a young
26 and growing nation. Through this Plan wheat and other
27 commodities have been delivered to needy countries.
28 Could Coal be included in this Plan? Is it not much
29 needed in many of these countries? Perhaps this might
30



1 be taken under advisement by the Federal Government.

2 It is suggested that the Commission might
3 profitably look to Europe to see what has been done
4 there. The Development Areas Program started in England
5 in the depression years, has now been extended to cover one-
6 fifth of the population and in the last fifteen years
7 provided jobs for one and a half million displaced workers.
8 Since 1950 the wealth of the whole of the Northern half
9 of Italy including Sicily and Sardinia, once regarded as
10 the continent's number one poor house has been uplifted
11 by the rise of new smokestacks brought in by a Government
12 plan of tax exemption, direct grants and rail rate reduction.
13 In the first five years alone income in that part of
14 the country rose by 61% compared to the national average
15 of 55%. Since 1955 there has been operated in France a
16 scheme in which special equipment bonuses of up to 25% of
17 initial investment are granted and in Holland the Dutch
18 Government has been extending grants of up to 25% for
19 building costs, to firms which establish in backward areas,
20 since 1952. The latest to join this regional economic
21 assistance parade is Belgium which we might add, and we
22 feel sure the Commission is already aware, has coal
23 problems of particular concern to us. Lately in Belgium,
24 approved credit organizations with Government guaranteeing
25 payment of the loan, have made available tax free Capital
26 Grants of up to 30% on buildings, and 10% on equipment.
27 In addition the Government will acquire land and will
28 help to erect factory buildings much the same as is being
29 done in Nova Scotia by Industrial Estates. The country
30



1 has been zoned and certain plants have been set aside
2 for special government attention. A typical example of
3 what is being done is the conversion undertaken in the
4 Mons area, the scene of one of the famous battles of
5 World War One. The livelihood of a quarter of a million
6 people, many of whom had depended on now abandoned mines
7 is at stake, and there new factories are being built.
8 It has been said that this type of policy that has been
9 spreading throughout Europe is designed not merely to
10 promote the economic expansion of industrially deficient
11 or declining regions, but also to act as a brake on
12 further development of already over-industrialized areas.
13 There seems to be an awareness in this part of Europe that it
14 is much in a Nation's interest, from an economic, social
15 and defence standpoint, to strive for diversification
16 so that a lopsided national structure with all industries
17 concentrated in one place will not be so liable to collapse.
18 We think there is a good lesson to be learned by Canadian
19 Government. It is a good example to be followed by both
20 Federal and Provincial Governments. In lagging areas like
21 the Atlantic Provinces, we seek not handouts, we look not
22 for dole but we need such foundation-strengthening meas-
23 ures as tax concessions, low cost loans, a better freight
24 rate deal to attract some of the industries being estab-
25 lished by the dozens each day in this developing country.
26 We need in the Maritimes as the Montreal Star said recent-
27 ly, something exceptional, something of a scope this
28 Nation has not attempted before. Surely it can no longer
29 be argued that this cannot be done. Surely what Europe
30



1 is doing can be repeated here without difficulty. Indeed
2 it is the only way to bring a lasting cure to the chronic
3 sickness of regional backwardness in this part of Canada.

4 THE SECRETARY: Mr. Commissioner, I now call
5 upon Mr. C. Denne Burchell who will present a brief on
6 behalf of the Town of Louisbourg. This brief becomes
7 Exhibit No. 43 and is the last brief on the agenda.

8 --EXHIBIT NO. 43: Brief on behalf of the Town of Louis-
9 bourg.

10 MR. JUSTICE RAND: The town of Louisbourg is
11 grateful for this opportunity to submit a brief on the
12 vitally important subject before you. We are aware,
13 however, that the larger aspects of the coal industry
14 and its problems have been well covered in the various
15 briefs that have been presented heretofore and, in order
16 to avoid a profitless duplication of material, this sub-
17 mission will be confined to the particular involvement of
18 the Town of Louisbourg with that industry and a few general
19 comments.

20 There are no coal mines in the immediate
21 vicinity of Louisbourg, but it is an open port and Dosco
22 maintains coal and steel shipping piers there for winter
23 operations. It is also the terminus of the Sydney and
24 Louisbourg Railway which exists primarily for the accom-
25 odation of Dosco shipping activity. The population of
26 the Town is approximately Thirteen Hundred, and about One
27 hundred residents with between Two Hundred and Two Hundred
28 and Fifty dependents are directly employed by the Dosco
29 complex either as coal trimmers and shippers or as railway-
30 men. These may seem rather pathetic statistics in view of



1 some of the figures that have been submitted during these
2 hearings but we would like to point out that we are
3 here concerned with one complete community which is affect-
4 ed by the difficulties of the coal industry in the same
5 manner as other towns in the area. Approximately twenty
6 per cent of the people of Louisbourg are directly depend-
7 ent upon coal. Merchants, suppliers and those providing
8 services in the Town are in turn indirectly dependent
9 upon this twenty per cent portion of the population and
10 upon the trade derived from coal-hauling vessels that
11 visit the port. In the outlying districts, many people
12 who deal in Louisbourg are engaged in cutting pit props
13 used in our coal mines. Any sharp dislocation or disruption
14 in the coal industry would have a profoundly detrimental
15 effect upon Louisbourg.

16 According to press reports, the brief presented
17 by the Province of Nova Scotia stated that: "There has
18 been an extensive fisheries development in the Town
19 (of Louisbourg) since the war." It is true that Gorton-
20 Pew Company Limited and National Sea Products Limited,
21 in an inter-locking operation erected sizeable fish
22 processing plants in the Town approximately ten years
23 ago. But we feel we should point out that the circumstances
24 which have caused the closing of similar operations in
25 other parts of Nova Scotia and in Newfoundland have
26 brought about the withdrawal of Groton-Pew Company Limited
27 from Louisbourg. National Sea Products Limited now carries
28 on a reduced operation at the original site but the sit-
29 uation is so uncertain that the Town has been obliged to
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1 grant tax concessions to the remaining Company. There is
2 now a bill before the Provincial Legislature fixing for
3 a ten year period a reduced assessment on the assets of
4 National Sea Products Limited. These unhappy developments
5 increase the significance of the coal industry for the
6 community and the possibility of any shrinkage in that
7 quarter is viewed by the population with alarm.

8 If the shipping of coal from Louisbourg is
9 discontinued, - there are indications that that is con-
10 templated - it is probable that the Sydney and Louisbourg
11 Railway will cease to function. I stand to be corrected
12 there. Representatives of National Sea Products Limited
13 have indicated that this railway service is vital to their
14 enterprise and its discontinuance would have a very
15 serious effect upon their operations. This is one more
16 illustration of the way in which the coal industry is
17 woven into the entire economy of this area.

18 We wish to suggest that the possibilities of
19 expanding the water-borne shipment of coal be investigated,
20 it being our concern that Louisbourg shall continue to
21 serve as a winter port for the industrial area of Cape
22 Breton. There can be no doubt that the existence of
23 Port facilities influenced the location of fish processing
24 plants in Louisbourg and as long as these facilities are
25 maintained the Town has some hope of future development.

26 We do not wish to impose upon you by repeating
27 the constructive recommendations that have been outlined
28 in other briefs. We feel, however, that it is in order
29 for us to underline the basic position of this area on
30 the question of whether or not measures should be taken



1 by the central government to assist the coal industry out
2 of its present difficulties. As taxpayers we have con-
3 tributed to the measures that have been taken to support
4 other Canadian industries. As Canadians we have been
5 involved with the rest of the nation in the large scale
6 promotion of the very fuels which now threaten our coal
7 industry. In the national interest we endure a tariff
8 structure that makes us virtually a captive market for
9 Central Canadian manufacturers. All of this is acceptable
10 to us for with other Canadians we share the dream of a
11 great nation and, in order to remain Canadians, we are
12 willing to suffer the disadvantages of our political
13 geography. We realize that, in a country as artificially
14 constituted as this, unnatural and costly measures of
15 economic intervention are sometimes required on the part
16 of the federal government in order to meet our peculiar
17 geographical problems. But we in this area want to become
18 participators in the great Canadian enterprise and we
19 feel we are entitled to economic intervention equivalent
20 to that which has been extended to other phases of the
21 national economy. We believe that such intervention is
22 urgently required in this area, and we believe and insist
23 that our difficulties are no longer purely geographical
24 but have been aggravated by the artificial measures that
25 have been taken to assist other areas. To state our pos-
26 ition briefly, we feel that we should be granted assistance
27 that will enable us to bring our products to available
28 Canadian markets on a preferential basis in the same
29 manner that other Canadian products are brought to us.
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1 We in the Maritimes have often in the past
2 deserved the judgment that we are too fond of grumbling
3 about historical wrongs. But tempting and easy as it
4 may be to exhume our ancient complaints, that is no longer
5 our preoccupation. We are concerned with our problems
6 as they exist today and we are making strenuous efforts
7 to discover solutions. Unfortunately we cannot find
8 them alone. Mr. Leslie Roberts writing in the January
9 1960 edition of The Atlantic Advocate puts it this way:
10 "The only Canadian answer to the Atlantic problem is Fed-
11 eral action which will give the people of the region
12 an opportunity to establish economic equality with central
13 Canada through their own efforts. This action must
14 provide the facilities for self-development on the one
15 hand, and insure the maintenance of existing vital
16 industries, at least through a long transition period,
17 on the other. The opportunity to attain economic
18 parity does not now exist."

19 As one of the communities that stands to
20 suffer great loss if the coal industry is permitted to
21 shrink and wither, we endorse the constructive recommend-
22 ations that have been made before you and earnestly
23 request that all of the proposed solutions be carefully
24 considered in the national interest as well as in the
25 interest of those who are directly concerned.

26 THE CHAIRMAN: There is only one question.
27 Why is the fishing industry languishing?

28 MR. BURCHELL: I am not sure, Mr. Commissioner,
29 and I have not studied that problem at all but I know it
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1 is and that a number of plants have been closed and that
2 there has been a shrinkage.

3 THE CHAIRMAN: Has the company maintained its
4 processing plant in Bay of Chaleur?

5 MR. BURCHELL: I cannot answer that either,
6 I am sorry.

7 THE CHAIRMAN: That completes the submissions
8 that have been offered to us. The sessions are now
9 adjourned sine die.

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